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SERVICE MONOGRAPHS
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THE INTERSTATE COMMERCE
COMMISSION

ITS HISTORY, ACTIVITIES
AND ORGANIZATION

THE INSTITUTE FOR GOVERNMENT RESEARCH

Washington, D. C.

The Institute for Government Research is an association of citizens for coöperating with public officials in the scientific study of government with a view to promoting efficiency and economy in its operations and advancing the science of administration. It aims to bring into existence such information and materials as will aid in the formation of public opinion and will assist officials, particularly those of the national government, in their efforts to put the public administration upon a more efficient basis.

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THE INTERSTATE COMMERCE COMMISSION

ITS HISTORY, ACTIVITIES
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BY
JOSHUA BERNHARDT

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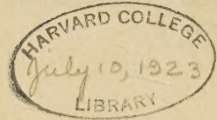
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FOREWORD

The first essential to efficient administration of any enterprise is full knowledge of its present make-up and operation. Without full and complete information before them, as to existing organization, personnel, plant, and methods of operation and control, neither legislators nor administrators can properly perform their functions.

The greater the work, the more varied the activities engaged in, and the more complex the organization employed, the more imperative becomes the necessity that this information shall be available—and available in such a form that it can readily be utilized.

Of all undertakings, none in the United States, and few, if any, in the world, approach in magnitude, complexity, and importance that of the national government of the United States. As President Taft expressed it in his message to Congress of January 17, 1912, in referring to the inquiry being made under his direction into the efficiency and economy of the methods of prosecuting public business, the activities of the national government “are almost as varied as those of the entire business world. The operations of the government affect the interest of every person living within the jurisdiction of the United States. Its organization embraces stations and centers of work located in every city and in many local subdivisions of the country. Its gross expenditures amount to billions annually. Including the personnel of the military and naval establishments, more than half a million persons are required to do the work imposed by law upon the executive branch of the government.

“This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all of its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear picture of what the government is doing. Never has a complete description been given of the agencies through which these activi-

ties are performed. At no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business."

To lay the basis for such a comprehensive study of the organization and operations of the national government as President Taft outlined, the Institute for Government Research has undertaken the preparation of a series of monographs, of which the present study is one, giving a detailed description of each of the fifty or more distinct services of the government. These studies are being vigorously prosecuted, and it is hoped that all services of the government will be covered in a comparatively brief space of time. Thereafter, revisions of the monographs will be made from time to time as need arises, to the end that they may, as far as practicable, represent current conditions.

These monographs are all prepared according to a uniform plan. They give: first, the history of the establishment and development of the service; second, its functions, described not in general terms, but by detailing its specific activities; third, its organization for the handling of these activities; fourth, the character of its plant; fifth, a compilation of, or reference to, the laws and regulations governing its operations; sixth, financial statements showing its appropriations, expenditures and other data for a period of years; and finally, a full bibliography of the sources of information, official and private, bearing on the service and its operations.

In the preparation of these monographs the Institute has kept steadily in mind the aim to produce documents that will be of direct value and assistance in the administration of public affairs. To executive officials they offer valuable tools of administration. Through them, such officers can, with a minimum of effort, inform themselves regarding the details, not only of their own services, but of others with whose facilities, activities, and methods it is desirable that they should be familiar. Under present conditions services frequently engage in activities in ignorance of the fact that the work projected has already been done, or is in process of execution by other services. Many cases exist where one service could

make effective use of the organization, plant or results of other services had they knowledge that such facilities were in existence. With the constant shifting of directing personnel that takes place in the administrative branch of the national government, the existence of means by which incoming officials may thus readily secure information regarding their own and other services is a matter of great importance.

To members of Congress the monograph should prove of no less value. At present these officials are called upon to legislate and appropriate money for services concerning whose needs and real problems they can secure but imperfect information. That the possession by each member of a set of monographs such as is here projected, prepared according to a uniform plan, will be a great aid to intelligent legislation and appropriation of funds can hardly be questioned.

To the public, finally, these monographs will give that knowledge of the organization and operations of their government which must be had if an enlightened public opinion is to be brought to bear upon the conduct of governmental affairs.

These studies are wholly descriptive in character. No attempt is made in them to subject the conditions described to criticism, nor to indicate features in respect to which changes might with advantage be made. Upon administrators themselves falls responsibility for making or proposing changes which will result in the improvement of methods of administration. The primary aim of outside agencies should be to emphasize this responsibility and facilitate its fulfillment.

While the monographs thus make no direct recommendations for improvement, they cannot fail greatly to stimulate efforts in that direction. Prepared as they are according to a uniform plan, and setting forth as they do the activities, plant, organization, personnel and laws governing the several services of the government, they will automatically, as it were, reveal, for example, the extent to which work in the same field is being performed by different services, and thus furnish the information that is essential to a consideration of the great question of the better distribution and coördination of activities among the several departments, establishments, and bureaus, and the elimination of duplications of plant, organization and work. Through them it will also be possible to

subject any particular feature of the administrative work of the government to exhaustive study, to determine, for example, what facilities, in the way of laboratories and other plant and equipment, exist for the prosecution of any line of work and where those facilities are located; or what work is being done in any field of administration or research, such as the promotion, protection and regulation of the maritime interests of the country, the planning and execution of works of an engineering character, or the collection, compilation and publication of statistical data, or what differences of practice prevail in respect to organization, classification, appointment, and promotion of personnel.

To recapitulate, the monographs will serve the double purpose of furnishing an essential tool for efficient legislation, administration and popular control, and of laying the basis for critical and constructive work on the part of those upon whom responsibility for such work primarily rests.

Whenever possible the language of official statements or reports has been employed, and it has not been practicable in all cases to make specific indication of the language so quoted.

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INTERSTATE COMMERCE COMMISSION ITS HISTORY, ACTIVITIES, AND ORGANIZATION

CHAPTER I

HISTORY

The Interstate Commerce Commission, an independent establishment of the national government, is an administrative body with quasi-legislative and judicial powers, whose general function is the administration and enforcement of the provisions of the act to regulate commerce, more generally known as the "Interstate Commerce Act," of February 4, 1887 (24 Stat. L., 379) as amended and supplemented by subsequent legislation.¹

The commission is in general directed by the various statutes to aid the President in the liquidation of matters growing out of war-time control of the carriers; to establish and maintain just and reasonable transportation facilities, rates, classifications, regulations, and practices; to supervise the issuance of securities or the assumption of financial obligations by the carriers; to provide for the safety of employees, passengers, and property; and to function as a correlating agency between the competitive factors in the transportation industry.

The history of the Interstate Commerce Commission is closely connected with the railroad history of the country and the general question of governmental control of public utilities. In this monograph, discussion of these phases of the subject is limited to that minimum without which an account of the commission

¹ Among the most significant acts amending or supplementing the original law are the following: Act of March 2, 1889 (25 Stat. L., 855), act of February 19, 1903 (32 Stat. L., 847), act of June 29, 1906 (34 Stat. L., 584), act of June 18, 1910 (36 Stat. L., 539), act of Aug. 24, 1912 (37 Stat. L., 566), acts of May 29 and Aug. 9, 1917 (40 Stat. L., 101 and 270), and the act of February 28, 1920 (41 Stat. L., 456).

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would be unintelligible, since much material is already available in specialized studies made by competent students in these related fields of inquiry.²

The Period of Restrictive National Regulation. In the early days of railroad development in the United States public attention was directed toward construction rather than operation. Once the excellence and advantages of the transportation facilities afforded by the railroads became obvious, the general desire was to provide the maximum mileage in the briefest interval of time. It was, therefore, deemed essential to encourage the railroad promoter, who was viewed as a public benefactor.

Under an imperative popular demand general laws were enacted in many states enabling projectors of roads to organize at pleasure and to select their own lines. After the construction was completed the directors were also permitted to operate practically as they saw fit, and with almost the same freedom as in ordinary private business. The builders of a new road assumed great risks, and when their venture proved successful, having conferred a very great benefit on the public, they were properly entitled to charge, if they saw fit to do so, such rates as would net them a handsome return.³

This liberal attitude was no doubt responsible for most of the evils which subsequently compelled governmental regulation. A considerable portion of the public money invested in railroads was lost; there was discrimination, open and concealed, in behalf of favored shippers and localities through special rates, rebates, drawbacks, underbilling, and reduced classification; rates were changed at pleasure and without public notification; corporate shares were frequently manipulated for the advantage of managers and to the detriment of the owners; free transportation was granted to persons outside the railroad service in a manner that led to charges of favoritism. These and other evils led, shortly before 1870, to

² It has been necessary to limit also the treatment of such matters as the "safety" work of the commission, its accounting and statistical work, its handling of the railroad valuation problem, etc., each of which has become a broad field of study.

³ Drinker, *Treatise on the interstate commerce act*, vol. 1, p. 54. See also Taussig, *Principles of economics*, vol. ii, pp. 393-394.

a strong public demand for regulation of the railroads by state and national authority.⁴

The states preceded the national government in the field of railroad regulation. Most of the earliest experiments in state supervisory commissions were aimed primarily at reducing the number of accidents. Such commissions were established in New Hampshire in 1844, in Connecticut in 1853, in Vermont in 1855, and in Maine in 1858. A Rhode Island commission, however, established as early as in 1839, was created with a broader purpose, being required to report "the state, condition, and proceedings of the several railroad companies, so far as the public interest may require the same." But the first significant step in state control was the creation of the Massachusetts Railroad Commission in 1869, the model of the so-called "weak" or supervisory-advisory type of commissions. The chief powers of this body were as follows:⁵

The general supervision and examination of all railroads in the commonwealth with reference to the security and accommodation of the public and the compliance of the corporations with the provisions of their charters and the laws of the commonwealth.

Investigation of complaints against railroads made by town or city authorities and, under certain conditions, of complaints made by voters as to the condition and operation of any railroad, any part of whose location was within the limits of such city or town.

To serve notice upon railroad corporations of their failure to comply with the terms of their charters or the laws of the commonwealth; to serve notice of repairs upon the road, changes in rates, additions to rolling stock, etc., deemed necessary by the commissioners to promote the public "security, convenience, and accommodation."

Investigation of accidents resulting in personal injury or loss of life.

For enforcement of the commission's decisions, recourse was had only to public opinion. Many of the Eastern states followed the lead of Massachusetts, establishing supervisory rather than regulatory bodies, and depending almost solely upon publicity and public opinion to rectify evils. The Western and Southern states

⁴ Interstate Commerce Commission, Annual Report, 1887, p. 4, *et seq.*

⁵ Acts and Resolves passed by the General Court of Massachusetts, 1869, pp. 99-103.

acted less conservatively. They passed maximum-rate laws in the seventies and entrusted their commissions with power to issue and enforce orders by legal processes. The Illinois commission may be taken as representative of these "strong" or supervisory-mandatory bodies which emerged from the "granger" movement of the seventies. It had nearly all the powers which had been conferred upon the Massachusetts commission and in addition it could prescribe schedules of maximum charges and prosecute the railroad companies to compel compliance with the commission's decisions or the laws regulating railroad transportation. The burden of proof as to the reasonableness of rates was shifted from the state, as it had been under the common law, to the carriers.

These early state attempts to ameliorate transportation conditions, however, could hardly cope with the complex and weighty problems of an interstate character involved in the situation. Agitation for national action began shortly after the states had attacked the question of reasonable rates. At first the demand was principally for lower rates, and a Senate committee was appointed upon President Grant's recommendation in 1872 to investigate the problem of providing transportation for the constantly increasing volume of Western and Southern products to the Atlantic seaboard at lower cost. The report of this committee, (the "Win-
dom Committee"), issued in 1874, did not result in legislation, but it served to inform legislators and the public on the railroad problem.⁶ Although freight rates declined in the decade following publication of this report, as a consequence of rate wars between competing carriers, a revival of general prosperity, progress in mechanical invention and operating economies, agitation for national regulation did not cease, for other evils were exciting public attention. Unfair discriminations were still being made between persons, localities, and commodities; railroad pools and traffic agreements had been established and were being strengthened at a time when hostility toward monopolies was becoming general; there was evidence of excessive speculation and fraud in railroad affairs; and important managers exhibited an attitude toward the public which revealed slight consciousness of social responsibility.

⁶ 43 Cong. 1 sess., S. rep. 307.

These conditions led to an irresistible demand for national legislation which culminated in the act of 1887. In the thirty-three years which followed the passage of this law, numerous amendatory and strengthening measures were enacted. This legislation may be grouped into two periods which, however, are not sufficiently independent to be clearly marked by definite dates. In the first period, which extends approximately to the outbreak of the World War, the laws, reflecting the conditions which gave them birth, were of a restrictive or negative character, the prime motive being the elimination of abuses. The war called general attention to the necessity for ample railroad facilities as a measure of national defense and efficiency and may be said to have initiated the second period, in which the legislation was marked by a positive or constructive spirit, with the primary object of fostering the railroad system in order to provide ample facilities for the growing requirements of the country. In the first period, initiated by the enactment of the Interstate Commerce Act, there is to be observed first a gradual emasculation of the commission's powers, largely through judicial interpretation. The breakdown of this first attempt to regulate the railroads by national law was followed by an accumulation of abuses which aroused public opinion and resulted in more stringent regulation than had been contemplated by the original act.

The Interstate Commerce Act of 1887. Many bills to regulate the railroads in interstate commerce were introduced in Congress from 1868 on, session after session,⁷ but all failed of passage in either house until 1874. In that year the House of Representatives passed a bill, aiming at rate reduction, and in 1878 it passed a bill, introduced by John H. Reagan of Texas, which was virtually the statutory predecessor of the Interstate Commerce Act. In 1885 the Senate resolved "that a select committee of five Senators be appointed to investigate and report upon the subject of the regulation of the transportation by railroad and water routes in connection or in competition with said railroads of freight and passengers between the several states." This committee, called

⁷ For list of bills and resolutions see Briggs, Federal regulation of interstate commerce, 1862-1913. For full discussion see Haney, Congressional history of railways.

the "Cullom committee," accompanied its report by a bill embodying the results of its investigation and study. "The provisions of the bill," said the committee, "are based upon the theory that the paramount evil chargeable against the operation of the transportation system of the United States, as now conducted, is unjust discrimination between persons, places, commodities, or particular descriptions of traffic. The underlying purpose and aim of the measure is the prevention of these discriminations, both by declaring them unlawful and adding to the remedies now available for securing redress and enforcing punishment, and also by requiring the greatest practicable degree of publicity as to the rates, financial operations, and methods of management of the carriers."⁸

The Senate bill provided for a permanent administrative commission to make the suggested statutory regulation of interstate commerce effective. The House bill proposed a remedy through the courts after clear legal definition of abuses. There was, moreover, difference of opinion as to the practice of pooling; the House desired to render all traffic agreements illegal while the Senate proposed to subject them to administrative control. A deadlock ensued, but just at this time the Supreme Court, in the *Wabash, St. Louis, and Pacific Railway case*,⁹ decided that the states had no power to regulate interstate traffic. Inasmuch as about three-fourths of the country's railroad traffic was of an interstate character, it became manifest that national legislation would have to be enacted. Differences between the Senate and House were then adjusted by compromise. The creation of a commission was agreed upon, thus establishing administrative control as the Senate had desired, while the House was placated by the provision granting the courts power to entertain appeals. The House, moreover, obtained concessions in the prohibition of pooling and in the more rigorous long-and-short-haul clause.¹⁰

Section 11, as enacted, established the Interstate Commerce Commission, consisting of five members, not more than three of whom were to be of the same political party, appointed by the President with the concurrence of the Senate for six-year terms. While

⁸ 49 Cong. 1 sess., S. Rep. 46, p. 215 (1886).

⁹ 118 U. S., 557.

¹⁰ See Haney: *A congressional history of railways*, vol. II, pp. 281-312, and Ripley, *Railroads: Rates and regulation*, pp. 450-1.

the act made the commission essentially an independent governmental agency in the performance of its duties, the Secretary of the Interior was given a certain degree of formal supervision over the commission in the authority to approve the employment and compensation of the commission's employees (Sec. 18), in the provision for his transmission of its annual reports to Congress (Sec. 21), and in the obligation imposed upon him to furnish suitable offices and necessary supplies and to approve expense vouchers (Sec. 18). Inasmuch as the greater portion of the act of 1887 has been recast by cumulative accretion of amendments, it will serve no useful purpose to present here a summary of the act as originally enacted.¹¹ The commission established by the act was organized on March 31, 1887, and the other provisions of the law became effective on April 5.

In general the act was founded upon various state laws and represented little that was novel. Nevertheless, as was stated by the Cullom committee: "In undertaking the regulation of interstate commerce, Congress is entering upon a new and untried field. Its legislation must be based upon a theory instead of experience and human wisdom is incapable of accurately forecasting its effect upon the vast and varied interests to be affected." In anticipation of the probable need for amendment of the law, Congress (Sec. 21) directed the commission to report to it such recommendations as to additional legislation on the regulation of interstate commerce as it might deem necessary. Accordingly in its first three annual reports the commission pointed out the desirability of amending the law in the following particulars:

1. Clarification of the ambiguity in regard to inclusion within the act of express, sleeping-car, and parlor-car companies; oil-tank cars, live-stock cars, etc.

2. Provision against the sudden raising of joint rates.

3. Authority and means to effect uniformity in publishing rates, to supervise and examine contracts and statistics required by law to be filed.

4. Extension to the shipper or his agents of the penal provisions in the act applying to the carrier or his agent for granting undue preference or advantage by false billing, false classification, etc.

¹¹ See Ripley, p. 452, and Johnson and Van Metre, *Principles of railroad transportation*, p. 495, for a summary of the provisions.

5. Statutory authority to permit the commission to obtain testimony by deposition as in the courts of the United States in order to facilitate business and lessen expense.

Congress complied in part with the last four of these recommendations, which had been suggested by the difficulties encountered in securing effective enforcement of the then existing law, but it did not deem it wise after this short trial of the regulatory system to extend it to express, sleeping-car, and other outside carriers.¹²

In the act of March 2, 1889¹³ a remedy was provided by mandamus, without the necessity of previous investigation by the commission, in cases of denial of equal facilities to shippers while, on the other hand, shippers' attempts to obtain lower rates by means of false billing and other fraudulent devices were made penal and criminal offenses. It was required by the law that joint tariffs should be published and notification be given of changes. Violation of the provisions of the act prohibiting the giving of rebates and discriminations by officers of the carriers was made punishable by fine or imprisonment or both instead of by fine as previously. This amending act also abolished the formal supervision of the Secretary of the Interior over the commission's accounts, a provision in the law which had subjected both parties to unneces-

¹² *Congressional Record*, vol. 93, June 12, 1888, p. 5145.

¹³ 25 Stat. L., 855. Previous to the passage of this law, by act of August 7, 1888 (25 Stat. L., 832), certain duties were imposed upon the commission in regard to government aided railroad and telegraph lines. The commission was authorized to determine and order what arrangement was proper to be made by a government aided railroad and telegraph company against which complaint had been made of refusal to observe certain requirements for interchange of business specified in the law. Such order of the commission was enforceable by mandamus in the courts of the United States. The commission was also authorized to institute any inquiry upon its own motion and to the same effect as if complaint had been made. Reports to the commission by the railroad and telegraph companies referred to in the statute were provided for. Little appears to have been accomplished by the commission under this law. In the annual report for 1895, the commission reported that only three out of twelve companies had filed the required information and that the Attorney General had been notified of this failure on the part of the companies to comply with the law. In the subsequent annual reports nothing appears regarding the operation of this law, which has become a dead letter for all practical purposes.

sary and avoidable trouble and also made the commission a fully independent body by providing that its annual report be transmitted to Congress directly instead of to the Secretary of the Interior. The taking of testimony by deposition before the commission was authorized by an amending act of February 10, 1891¹⁴ (26 Stat. L., 743).

In 1893 the first of the series of laws was enacted which conferred upon the Interstate Commerce Commission its jurisdiction in matters of safety and accident prevention. This law was in large measure the culmination of the agitation initiated by the commission in 1889 for abolition of the "awkward, expensive, and mechanically defective hand coupler, for a standard height of drawbar, and for systems of continuous braking and heating."¹⁵ Railroad journals had urged these reforms for several years prior to 1889, and several states had enacted legislation compelling the installation of automatic couplers on new cars. State legislation, however, had introduced a lack of uniformity, in that a special type of coupler was adopted in one state which would not couple with cars of another state. Since the resultant situation was obviously more dangerous than that which it had been intended to remedy, it became clear that only the uniformity in practice which would follow federal regulation could provide the requisite degree of safety.

By act of March 2, 1893 (27 Stat. L., 531),¹⁶ the commission was authorized to give notice to all common carriers in interstate commerce of the standard for drawbars as fixed and certified to the commission by the American Railway Association. In the event of failure of this association to determine such standard, the commission was itself directed to do so before July 1, 1894. After July 1, 1895, it was made unlawful, until the commission ordered otherwise, for any railroad company to use any car in interstate commerce that was not provided with secure grab-irons or hand-holds at the ends and sides for greater security to men in coupling

¹⁴ The act of February 11, 1893 (27 Stat. L., 443), granted immunity to witnesses testifying before the commission. While this law is in point of time related to the above amendments, it pertains more directly to the period considered below.

¹⁵ Dixon, Railroad accidents, *Atlantic Monthly*, vol. 99, p. 579 (1907).

¹⁶ This act was amended in minor detail by act of April 1, 1896 (29 Stat. L., 85).

and uncoupling cars. The act made it compulsory for common carriers to equip trains with driving-wheel brakes, the train brake system, and automatic couplers. The commission was empowered to extend the period for carriers' compliance with the law's requirements "upon full hearing and for good cause." It was made obligatory for the commission to lodge with the proper district attorneys, information of any such violations of the act as might come to its knowledge.

An inspector was appointed to examine railroad equipment for purposes of enforcement and for securing information upon which to elaborate a regulatory system. The prompt compliance of the American Railway Association with the provision of the law authorizing it to draw up a standard for drawbars enabled the commission to announce the standard one month after passage of the law. But the commission found it necessary to extend the time limit for compliance with the sections of the act relating to brakes and couplers so that the full effect of the law was not manifest until after August 1, 1900. In 1900 the commission called attention to the fact that the value of the safety laws could only be a matter of conjecture for at least a year, since reports of casualties to employees were reported by the carriers annually. In the following year, by act of March 3, 1901 (31 Stat. L., 1446), the commission was authorized to prescribe forms for monthly reports by the interstate carriers not only of casualties to employees while on duty but also of all collisions, derailments, and accidents to passengers.

The disastrous Chicago strike of 1894 called general attention to the need of machinery for amicable settlement of disputes affecting interstate commerce between carriers and their employees. The commission recommended¹⁷ that whenever strikes or lockouts were anticipated by railroad managements, by the employees, or the commission itself, authority should reside in the commission to enter upon immediate investigation to obtain testimony of all persons, to secure the aid of judicial process, to compel the giving of such testimony, and to enforce such recommendations based upon the investigation as might be constitutionally devised. Although this recommendation was not enacted

¹⁷ Annual Report, 1894, p. 68.

into law, Congress took action aiming at amicable settlement of disputes between interstate carriers and their employees engaged in train operation in the passage of the act of June 1, 1898 (30 Stat. L., 424), whereby the Chairman of the Interstate Commerce Commission was designated, together with the Commissioner of Labor, to attempt the settlement of labor controversies through mediation and conciliation, and in the event of failure of such attempts to endeavor to bring about arbitration of the controversy in accordance with the provisions of the act.¹⁸

Weakening of the Commission's Powers. The work of the commission under the foregoing laws did not result in effective regulation or control of the railroads. The intent of the framers of the law was not realized, not only because of certain unforeseen defects in the procedure under the statute itself but also because of the interpretations by the courts of the various sections of the act.

One of the most important difficulties was the delay engendered by the form of procedure prescribed in the law. After the commission had rendered its decision in the form of an order to the carrier, following formal complaint and hearing, unless the carrier chose to comply, the commission was obliged to apply to a United States court for an injunction to compel obedience. Not only was there costly delay but there was also the possibility of appeal to the Supreme Court; and it was only when upheld by the court of final appeal that the original order of the commission became binding as law. In consequence the commission's function was soon reduced to that of initiator of proceedings and complainant before various courts, and since no priority was accorded to these cases, long delays resulted. The average duration of appealed cases was not less than four years.¹⁹

Moreover, to accentuate these difficulties, the courts declined to accept the evidence taken before the commission as final even as to questions of fact. The duplication of expenses for litigants thus involved in the "de novo" proceedings, with the resummoning

¹⁸ The previous law (Act of October 1, 1888; 25 Stat. L., 501), providing for arbitration of railroad disputes, had no connection with the commission. Its arbitration provisions were, in fact, never used, and its other features utilized but once.

¹⁹ Ripley, p. 462, and Report of the Industrial Commission, XIX, p. 419 (1902).

of all witnesses and the production of all papers, led to a feeling on the part of shippers and railroads that the procedure before the commission was only a necessary formality prior to court adjudication, and incomplete presentations of fact were laid before the commission, upon which it was, however, compelled to render a decision. The result was that the prestige not only of the commission but also of the law itself suffered.²⁰

Due to this delay in redress of grievances and the postponement of definitive proceedings, an effective remedy was denied in many cases to the shipper for the loss he had incurred. On this point, the United States Industrial Commission reported in 1902 as follows:

Even supposing that the carriers obey the order of the Commission, that does not necessarily provide any remedy for financial or other loss entailed. The orders of the Commission become effective, in theory, only when they have been passed upon finally by the United States Supreme Court. During all the years which may elapse the loss entailed upon the plaintiff may continue, and losses hundreds of times as great may ensue for others. And, even more important than this, it may be impossible that the parties who really are aggrieved can ever obtain redress. . . . Thus, for example, the only party who can recover for the excess in freight rates paid to the carrier is the person who has actually made the payment. It goes without saying that in many instances the real burden of the unreasonable freight rate does not rest upon this party at all, but upon others who are denied action by reason of the machinery of the law. Thus, for instance, if an unreasonable rate be charged upon grain from a certain locality, it is indubitable that the effect of that excessive freight rate is to depress unduly the price of the product. The farmer, however, cannot institute proceedings before the Commission. It is only the middlemen who happen to be shippers who may do so, and the shippers may recoup themselves readily, having no incentive, therefore, to institute proceedings at all. The result is that the loss in any instance ultimately falls upon the producer of grain, without the possibility of an adequate remedy for the injustice entailed.²¹

The amendment of 1889 made it a penal or criminal offence for carriers' officers, shippers, or other agents to participate in

²⁰ Haines, *Problems in railway regulation*, p. 100.

²¹ Report of the Industrial Commission, XIX, p. 422.

personal discriminations, payment of rebates, etc. Since evidence in such matters could only be obtained from persons who had directly witnessed or participated in the acts themselves, the commission found great difficulty in compelling the attendance and testimony of witnesses. In 1890 a shipper declined to answer to a question relating to his enjoyment of a preferential rate on the ground that the fifth amendment to the Constitution provided that no person should be compelled in any criminal case to be a witness against himself. The case went to the Supreme Court of the United States, which decided against the commission in 1892,²² holding that the Revised Statutes of the United States²³ did not give adequate protection to witnesses when requested to testify against themselves in criminal proceedings based upon such testimony.

Following this decision, Congress passed a law²⁴ providing "that no person shall be excused from attending and testifying . . . before the Interstate Commerce Commission or in obedience to the subpoena of the commission. . . . But no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing, concerning which he may testify, or produce evidence, . . . before said Commission." The validity of this law was contested in several cases, and it was not until 1896 that a decision²⁵ of the Supreme Court finally eliminated the obstacles confronting the commission in securing the testimony of recalcitrant witnesses. Meanwhile, the commission had been unable to obtain for six years such facts as it required in the administration of the law.

The effect of the attitude of the courts in cases appealed from the commission has already been referred to. The intent of the framers of the act was that the commission's investigations and subsequent decisions upon matters of fact in cases which came before it were to be final, and that the courts would only review

²² *Counselman v. Hitchcock*, 142 U. S., 547.

²³ Section 860 of the Revised Statutes provided that witnesses should not be excused from testifying because their testimony might tend to incriminate them, but that such testimony should not be used against them in any criminal proceedings. This section had been embodied in Sec. 12 of the act of 1887.

²⁴ Act of February 11, 1893 (27 Stat. L., 443).

²⁵ *Brown v. Walker*, 161 U. S., 591.

questions of law. The courts, however, early in the commission's history²⁶ permitted defendants to submit evidence which had not been introduced before the commission and based their decisions in large measure on their own interpretation of facts, thereby assuming the functions of the commission. The manner in which the courts handicapped the commission by denying its right to compel witnesses to give incriminating testimony has also been noted. In both these respects, however, the legislation itself was defective. The courts, however, were responsible for the emasculation of two most important features of the act: the provision authorizing the commission to prescribe freight rates and the long-and-short-haul clause.

Almost from the time of its establishment, the commission had interpreted the act of 1887 as conferring upon it not only the power to investigate problems relating to freight rates, but also to prescribe and enforce the remedy for existing evils. The exercise of the rate-making power, however, was confined entirely to the correction of abuses which came before the commission on complaint, while the right to prescribe the rate in the first instance was not claimed.

For nearly ten years no question was raised in regard to the validity of this policy, but in 1896, in the "Social Circle" case,²⁷ the Supreme Court stated that it was unable to find any provision of the act "that expressly or by necessary implication" conferred such a power. Various decisions followed, in both the circuit courts and the Supreme Court, which cast further doubt in respect to this power of the commission. The so-called "Maximum Freight Rate" decision in 1896²⁸ finally decided this question, the Supreme Court holding that the commission had no power to "prescribe a rate for the future, although its right to pass upon the reasonableness or unreasonableness of a rate already paid and of which complaint is made is unquestioned."

The result of this decision was to make impossible enforcement of the commission's orders relating to rates. The only remedial

²⁶ *Kentucky and Indiana Bridge Co. v. Louisville and Nashville R. R. Co.*, 37 Fed. Rep., 567 (1889).

²⁷ *C. N. O., and T. P. Railway v. Interstate Commerce Commission*, 162 U. S., 184.

²⁸ *Interstate Commerce Commission v. C. N. O. and T. P. Railway*, 167 U. S., 479.

measure then available to the commission was to declare illegal one rate after another in the hope that the carrier would finally comply. It soon became evident that "the denial of the right, not only to pass upon the reasonableness of a particular rate, but to prescribe what rate should supersede it, meant the abolition of all control whatever."²⁹

A most important factor in placing the act of 1887 on the statute books was the public irritation over the practice of local discrimination by competing railroads in consequence of which higher rates were paid by small non-competitive points than localities served by rival carriers. Section 4 of the act which aimed to eliminate the abuse of place discrimination followed many of the state regulations in regard to the same matter.

It shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation in the aggregate for the transportation of passengers or of like kind of property, under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line, in the same direction, the shorter being included in the longer distance.

For several years the carriers made serious attempts to adjust their tariffs in accordance with this principle, namely, "that distance was a sufficiently important factor in the determination of the cost of transportation to require that charges should be graded according to the length of the haul."³⁰ In October 1892, the first difficulty arose through a judicial interpretation³¹ the effect of which was to allow a railroad when entering a traffic agreement for through carriage of freight to become legally a separate line from that under which it engaged in transportation of local freight over its own line. Later decisions expanded upon this view until the commission lamented in 1893 that "the very jurisdiction of the law itself is invaded by the extension of the line theory indulged in by the Georgia Federal Court."³²

²⁹ Report of Industrial Commission, XIX, p. 428.

³⁰ *Ibid.*, p. 438.

³¹ *Chicago and N. W. Ry. Co., v. Osborne*, 52 Fed. Rep., 912.

³² Annual Report, 1893, p. 35.

Although the Supreme Court in 1896 remedied the injury thus accomplished by restoring the original meaning of the word "line" as interpreted by the commission, it ruled in another case in the same year that "competition, whether of trade centers or of railroads, must be recognized as a factor in the determination of the similarity of circumstances and conditions under which the fourth section of the clause should be applied."³³ The result of this decision was to permit carriers to make whatever variation they desired from the practice originally contemplated in adjustment of long-and-short-haul rates.

By the close of the nineteenth century, the commission's functions, through the causes described, were attenuated practically to those of a mere publicity body. Its field of activity was limited to enforcement of the safety laws, statistical work, and various independent investigations. In its annual report for 1897 the commission declared: "The same case is not tried before the court which is tried before the commission. . . . The delay which is attendant upon an attempt to enforce the order of the commission is unjust to the public . . . is fatal to a measure of regulation . . . deters shippers from the making and prosecution of formal complaints. Our order when made binds nobody. All these defects may be summed up in a single sentence. The proceedings and the order of the commission go for nothing. Such is the theory of the present act as interpreted by the courts."

While thus the principle object contemplated by the act of 1887—equitable and reasonable adjustment of charges for transportation—had not been attained, much had been accomplished. Aside from the social gain through general publicity as to rates, the education of the public in railroad problems through the commission's published reports, the reduction attained in number of freight classifications, and the more equitable adjustment of railroad charges by formal and informal inquiry as between localities, commodities, and shippers, there had been erected a substantial basis of a code for future railroad control through the cumulation of decisions handed down by the commission. Moreover, the experience in administration of the law had revealed the particulars

³³ Interstate Commerce Commission v. Alabama Midland Ry. Co. *et al*, 69 Fed. Rep. 227.

in which new legislation was required for effective work in the future.

In matters relating to safety of employees, a significant beginning had been made. Although the Safety Appliance Act of 1893 was not fully enforceable until after August 1, 1900, as explained above, there was evidence that there had been in the face of increased traffic a marked decrease in the number of deaths and injuries to employees due to the causes against which the law was aimed.³⁴ An important step in promotion of safety to passengers as well as employees had been taken in the passage of the Accident Reports Act, the beneficial effects of which were not, however, manifest until a later period. In spite of the progress thus made it was obvious from the experience during this period that considerable amendment and extension of the safety laws would be required to give passengers and employees the full degree of protection which was both practical and desirable.

Nothing to this time had come of the law of 1898, aimed at amicable adjustment of disputes between the carriers and their train operatives. The first attempt to utilize the law, made within a year of its enactment, not only resulted in total failure to settle the controversy, but in repudiation of the principle of the law by the chief railroad companies involved.³⁵ It was not until December, 1906 that a second attempt was made to settle a dispute under the law.

In the compilation of national statistics of railroads and analysis and standardization of accounts much had been accomplished.³⁶ The act of 1887 required the common carriers subject to the law to file with the commission, copies of all tariffs, contracts and agreements, to make annual reports at such time in such form as

³⁴ See Annual Report, 1901, p. 62, *et seq.* Also Dixon, as above, p. 581, who presents a table showing a decline from fifty killed and 1296 injured per 100,000 employees in coupling accidents in 1893 to twenty-eight killed and 518 injured in 1900 and from eighty-two killed and 486 injured per 100,000 in 1893 due to falling from trains and to overhead obstructions to fifty-eight killed and 480 injured.

³⁵ Bureau of Labor, Bulletin 98, p. 29, *et seq.*

³⁶ See Cummings, Statistical work of the federal government, in Koren, History of statistics, p. 605 *et seq.*, which gives an historical account of the commission's statistical work.

the commission should direct; and to answer specifically all questions upon which information might be required by the commission.³⁷ The commission was also authorized to prescribe a uniform system of accounts for the railroads and the manner in which such accounts should be kept.

Immediately after the organization of the commission on March 31, 1887, a public hearing was held and a form for the annual reports was prepared following conference and correspondence with railroad accountants and state commissioners.³⁸ This form,

³⁷ Previous to this date, Congress had enacted legislation respecting reports from land-grant railroads. The act of July 1, 1862 (12 Stat. L., 489), "An act to aid in the Construction of a Railroad and Telegraph Line from the Missouri River to the Pacific Ocean, and to secure to the Government the Use of the Same for Postal, Military, and Other Purposes," assigned various duties to the Secretary of the Interior in connection with surveying and setting off lands for the route of the proposed railroad and filing in the Department of the Interior of notices in regard to consolidation of railroad companies enumerated in the law. The act further required the railroad corporation created by the law and the roads connected therewith to make annual reports to the Secretary of the Treasury of the amount of stock, the lines of road surveyed, amounts received from passengers and freight, expenses, indebtedness, etc. By subsequent amendments similar reports were required of other corporations created for purposes of railroad construction.

By act of June 15, 1868 (15 Stat. L., 79), it was directed that the reports required to be made to the Secretary of the Treasury by the act of July 1, 1862, and its amendments be thereafter made to the Secretary of the Interior, and that the reports in the possession of the Secretary of the Treasury be transferred to the Secretary of the Interior. The act of June 19, 1878 (20 Stat. L., 169), repealed the previous law and established the office of Auditor of Railroad Accounts as a bureau of the Interior Department. It was made the duty of the Auditor to prescribe a system of reports for the railroad companies whose roads were in whole or in part west, north, or south of the Missouri River and to which the United States had granted any loan of credit or subsidy in bonds or lands. He was also directed to examine the companies' books and accounts, to assist the government directors of any of these railroads when requested, to see that the laws relating to these companies were enforced, to make annual report, etc. By an appropriation act of March 3, 1887 (21 Stat. L., 409), the title of the officer was changed to that of Commissioner of Railroads.

By an appropriation act of March 3, 1903 (32 Stat. L., 1083, 1119) the office of Commissioner of Railroads was terminated after June 30, 1904, and the duties of the bureau transferred to the Secretary of the Interior. By act of August 24, 1912 (37 Stat. L., 503), the duties of the office were abolished by repeal of the act of June 19, 1878 and its amendments.

³⁸ For origin of the commission's system of accounts see Hooper, The Accounting system prescribed for railroads by the Interstate Commerce Commission, *Annals of Amer. Acad. of Pol. and Soc. Science*, vol. 63, p. 223 *et seq.*

which was submitted in March, 1888, to a meeting of railway accounting officers and distributed to the carriers in June, was revised in the following year by a committee representing state commissions, the Association of American Railway Accounting Officers, and the commission. It was in general designed to include details relating to organization, physical property, finances, and intercorporate relationships of railways. A uniform fiscal year, ending June 30, was established as the period for which the data was to be returned.

Under the system of accounts thus adopted, the elaboration was begun of the system of national statistics and accounts of transportation companies which was contemplated in the law. The difficulties which the commission's statistical division experienced in securing the annual reports from the carriers in the time prescribed led it to recommend to Congress that a cumulative penalty be applied to delinquent carriers. The necessity for obtaining information as to the operation of the companies more or less associated with the common carriers in the business of interstate transportation led the commission to recommend that reports be secured from express companies and carriers by water engaged in interstate traffic and likewise from corporations and companies owning depot property, stock yards, elevators, and the like. In order to secure prompter information than was made available by the annual reports the commission undertook the preparation of monthly statements of gross earnings and operating expenses. The roads objected, however, and since under the law reliance was necessary upon the courtesy of the carriers for furnishing the information, the experiment was abandoned. The commission, therefore, recommended such amendment to the law as would strengthen its authority with respect to requiring such reports.

The experience of the commission in the first period of its existence demonstrated forcibly that the ultimate success of the act to regulate commerce was "more largely dependent on easy access to all the facts incident to transportation" than was realized at the time the act was passed. It was, therefore, recommended that the law be amended to give the commission authority to enforce a uniform system of accounting for the carriers, the prescription of which was already provided for by the act of 1887.

Rehabilitation and Extension of the Commission's Powers. Between 1897 and 1906 the commission repeatedly called attention to the urgent need for new legislation to remedy the defects in the act of 1887. The Industrial Commission made similar recommendations in 1901. Although many bills were introduced in Congress embodying the important recommendations made during this period, none of them was enacted into law, owing in part to absorption of public interest in currency legislation, the Spanish War, the Philippines, pure food, and trust problems; and in part to the powerful opposition of the great transportation systems dominated by new financial combinations which had meanwhile sprung into being. Public opinion, however, was being prepared to support the demand for new legislation because of the development of new causes of irritation, superimposed on the old abuses. These were: the increased tendency toward consolidation of railroads, the practically continuous rise in freight rates after 1900, the concentration of financial power, and the dangers of utilization of the monopoly power of the large industrial combinations to obtain special privileges.

The first significant change to be made in the law—the so-called Elkins amendment, of February 19, 1903 (32 Stat. L., 847)³⁹—was not, however, in response to public opinion but rather to the demands of the carriers themselves, who had for some time realized the extent of their losses of revenues attributable to the practice of granting rebates to favored shippers. The act dealt almost solely with the question of personal discrimination, attempting to provide penalties and legal procedure to enforce adherence

³⁹ Only a few days prior to the passage of the Elkins Act, the so-called Expediting Act was passed (Act of February 11, 1903; 32 Stat. L., 823), which provided that in any suit in equity brought in any circuit court of the United States under the Interstate Commerce Act, the Attorney General might file with a clerk of court a certificate stating that in his opinion the case was of general public importance, whereupon the case was to be given precedence and expedited and assigned for hearing before not less than three federal court judges. Appeal from the decision of the circuit court was to be made only to the Supreme Court and within sixty days after entry of the circuit court's decree. The object of this act was to prevent the long delays which had so seriously hindered the administration of the act of 1887.

to published tariffs. The main features of the law have been summarized as follows:⁴⁰

1. The railroad corporation itself, not as heretofore its officers and agents merely, was made subject to prosecution and penalty.

2. The penalty of imprisonment for non-adherence to the published tariff (as in amendment of 1889) was removed. It was expected that in this way witnesses would not be so reluctant to testify to the activities of associates, since the only penalty was a fine which could fall upon the corporation rather than the individual.

3. Any departure from the published tariff was made a misdemeanor so that proof of preferential treatment of shippers was no longer required.

4. Shippers or any other interested parties were made liable to prosecution for receiving rebates as well as carriers for granting them.

5. Injunctions could be issued by any federal judge whenever the commission had reasonable ground for belief that any common carrier was not conforming to the published tariff or committing any discrimination forbidden by law.

The commission conceded the value of the law in enforcing observance of published tariff charges, but it suggested in its annual report for the year that nothing had been thereby added to its power to correct a rate which was unreasonably high or of a discriminating nature while yet at the same time the application of the published tariff charges which the new amendment effectively secured brought into bolder relief any rates claimed to be unjust.

Under pressure of President Roosevelt, who made railroad regulation "a paramount issue" in his annual message to Congress in 1904, the Hepburn bill was enacted into law in 1906 (Act of June 29, 1906; 34 Stat. L., 584). Under the provisions of this law most of the defects of the act of 1887 were remedied.

The membership of the commission was increased from five to seven and the term of office increased from six to seven years. Its jurisdiction was extended and the provisions of the act made applicable to express companies, sleeping-car companies, and pipe lines used for transportation of oil or other commodities except gas and water. The term "railroad" was broadened to include

⁴⁰ Ripley, pp. 493-4.

switches, spurs, tracks, and terminal facilities, and the term "transportation" was broadened to cover "cars and other vehicles and all instrumentalities and facilities of shipment or carriage irrespective of ownership or of any contract, expressed or implied, for the use thereof, and all services in connection with the receipt, delivery, elevation and transfer in transit, ventilation, refrigeration or icing, storage and handling of property transported." Part rail and part water transportation was included, but coastwise and inland traffic solely by water was omitted.

A revolutionary change was made in the control over rates. The commission was authorized to determine and prescribe just and reasonable maximum rates or charges, regulations, or practices to be subsequently observed by carriers, but only after hearing and upon complaint.⁴¹ All orders of the commission except for money payments were to take effect within such reasonable time, not less than thirty days, as it might prescribe, and were to remain effective for two years, unless suspended, modified, or set aside by a court of competent jurisdiction or the commission itself. In addition, the commission could order an apportionment of joint rates when the carriers were unable to agree upon a division; through rates could be established; and reasonable charges could be fixed for services or instrumentalities rendered or provided by shippers. Power was conferred upon the circuit courts by suit to enjoin, set aside, annul, or suspend orders or requirements of the commission, but it was directed that five days' notice be given the commission to enable it to prepare a protest, and it was required that the hearing be held before three United States judges instead of one. A penalty of \$5000 a day for each day's violation of the commission's order was fixed after the expiration of thirty days. Thus the burden of proof or initiative in all cases appealed to the court was shifted from the commission to the carrier. Instead of its rulings becoming really effective only after affirmation by the highest courts, they were now to be effective from the date of promulgation until reversed by court decision.

To prevent judicial delay, the act provided for appeal directly to the Supreme Court with the privilege of precedence upon its

⁴¹ The Senate eliminated from the bill the power to pass upon the reasonableness of a proposed schedule of rates prior to its taking effect.

docket, and the duty of formal prosecution of cases on appeal was assigned to the Attorney General. The so-called "commodity clause," designed to divorce the business of transportation from all other lines of business, provided that:

from and after May first, nineteen hundred and eight, it shall be unlawful for any railroad company to transport from any state, territory, or the District of Columbia, to any other state, territory, or the District of Columbia, or to any foreign country, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in whole, or in part, or in which it may have any interest direct or indirect except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier.

The difficulties encountered under the law of 1887 in obtaining accurate and prompt statistical and accounting reports from the carriers were met by definite provisions of the law establishing suitable penalties for non-compliance or false entries. In addition the commission was authorized to have access at all times to the books of the companies, and it was rendered unlawful for carriers to keep any other accounts, records, or memoranda than those prescribed or approved by the commission.

Under these provisions of the law the commission revised its classifications and developed an adequate system of accounting in coöperation with a committee appointed by the Association of American Railway Accounting Officers. Information on a number of accounting problems was obtained through issue of circulars by the commission calling for certain facts, and a series of conferences were held extending over ten months. A Division of Accounts was established in the Bureau of Statistics and Accounts, which was placed in charge of the perfecting of a uniform system of accounting and the supervision of the force of examiners authorized by the law.⁴²

On June 3, 1907, accounting rules were issued covering operating expenses, and revenues, expenditures for road, and equipment. A general system of accounting prescribed for carriers was com-

⁴² In 1911 the Bureau of Statistics and Accounts was divided into two parts: The Division of Statistics and the Division of Carriers' Accounts.

pleted on June 21, 1909, when the commission issued orders promulgating the classification of expenditures for additions and betterments in the form of a general balance sheet statement. These orders undertook "to define explicitly and in detail the items which make up a statement of corporate assets and liabilities," and gave expression to the commission's views relative to proper accounting treatment of abandoned property and of additions and betterments paid for out of current revenue. Systems of accounts were subsequently prescribed⁴³ for express companies, electric railways, sleeping-car companies, and pipe lines, jurisdiction over which was conferred upon the commission by the Hepburn Act.⁴⁴

Although the Hepburn Act of itself thus gave promise of adequate power to the commission, much was dependent upon the courts. The Supreme Court quickly recognized fully⁴⁵ "the constitutionality of the free and full exercise of legislative power delegated by Congress beyond the power of the courts to review" and held the commission's findings of fact as conclusive. In general in subsequent decisions the court has shown itself desirous of allowing the commission considerable latitude in the execution of its functions. There were, however, a few judicial decisions⁴⁶ which called attention to certain defects in the law, and several years' experience with its operation disclosed the need for additional remedial legislation.

⁴³ A new system of accounts which modified considerably the details of the previously adopted system was prescribed by the commission on July 1, 1914.

⁴⁴ By the act of June 8, 1910 (36 Stat. L., 539), telegraph and telephone companies doing an interstate business were placed under the commission's jurisdiction.

⁴⁵ *Interstate Commerce Commission v. Illinois Central Railroad Co.*, 215 U. S. 452.

⁴⁶ *Orange Routing Case*, *Southern Pacific Co. v. Interstate Commerce Commission*, 200 U. S., 536, and "*Portland Gateway Case*," *Interstate Commerce Commission v. Northern Pacific Railway Co.*, 216 U. S., 538. In the *Orange Routing Case* the Supreme Court reversed the decision of the Circuit Court and ruled that there was no prohibition in the law of regulation by railroads concerning the routes for shipments, denying thus the alleged right of the shipper to name the route to be taken by his goods in transit. In the *Portland Gateway case* the Supreme Court denied the right of the commission to designate through passenger routes when there was another route available, although this route was not the preference of passengers.

The most significant defect was the lack of power on the part of the commission to suspend general rate advances, prior to their taking effect.⁴⁷ It is true that the commission was empowered upon complaint to prescribe maximum rates, but the burden of proof that the rate was unreasonable was upon the shipper. Furthermore, such reparation as might be awarded to him in the event that he succeeded in establishing his case was no compensation for his loss of business in the intervening period to a competitor enjoying a lower rate. In the many cases where the higher charges were reflected in relatively negligible increases in prices paid by consumers, no one was sufficiently concerned to attempt resistance.

The railroads were consequently enabled to increase the general level of rates, a movement which had been initiated ten years before, after a long period of declining rates. Shippers attempted resistance to this policy by demanding that the Interstate Commerce Commission be given power to suspend general rate advances instead of restricting itself to specific complaints of overcharges. The attention of Congress was directed to this question in 1910, when the Attorney General obtained an injunction against twenty-four carriers to restrain them from putting higher tariffs into effect on June 1, 1910, as they had planned, the issue of injunction being on the ground that such concurrent action represented a violation of the anti-trust laws.

Another obstacle to effective control under the Hepburn Act was the failure to make adequate provision for the increased volume of litigation which was called forth by the significant increase in the measure of governmental control embodied in the new legislation. As compared with sixty-five formal and 503 informal complaints filed in 1905, there were 415 formal and 4382 informal claims filed in 1907, which was the first year to reflect the changed provisions of the law. By 1910, in consequence of the accumulation of appealed cases, the court dockets were badly congested. The resulting delay was responsible for much of the agitation for further amendment of the law.

A source of dissatisfaction not removed by the Hepburn Act was the discrimination in rates against the South and West. The

⁴⁷ See *ante*, footnote 41.

manner in which the courts practically nullified the long-and-short-haul clause in the original act, which had been aimed to eliminate this form of discrimination, has been described. Since then the Eastern manufacturing districts and the larger Eastern cities, anxious to retain the control of distant markets made possible by low rates, had resisted the demand from other parts of the country for legal provision to make possible enforcement of the clause as originally contemplated by Congress.

Although the railroads protested that any additional governmental interference with their operations would result in poorer service and curb needed extension and improvements, the persistent demand of the public led to the passage of the Mann-Elkins Act (Act of June 18, 1910; 36 Stat. L., 539) which met the difficulties above enumerated. This act extended the jurisdiction of the commission to cover interstate wire or wireless telegraph, telephone and cable companies; and gave it power to suspend changes in rates pending examination as to their reasonableness. It also renewed the long-and-short-haul clause by eliminating from Section 4 the words "under substantially similar circumstances and conditions," judicial interpretation of which had emasculated this part of the act. The section as thus amended, made hearing and approval by the commission necessary before lower charges could be established to longer distance points. The "long-and-short-haul" clause was amended further by the inclusion of a prohibition for a greater compensation for a through haul than the total of the intermediate rates and by providing that no railroad could increase a rate which it had reduced at competitive points in competition with a water route unless the commission decided after hearing that reasons other than water competition demanded the increase. The purpose of the latter amendment was to prevent railroads from destroying their competitors by water by reducing rates and subsequently recouping themselves by renewed increase in rates when such competition no longer existed. Doubt was dispelled as to certain of the commission's powers to give orders based on proceedings of its own rather than on formal complaint, by the grant of full authority to institute any inquiry of its own and to make and enforce orders based thereon as though the proceedings had originated in a formal complaint. In order to meet the difficulty engendered by the Portland Gateway case,

the commission was authorized after due hearing to order such through routes as it might deem desirable, and to prescribe joint rates therefor. It was provided in order to meet the situation resulting from the Orange Routing case, that the shipper, with certain exceptions such as the commission might prescribe, could designate the route by which he preferred shipment to take place.

To alleviate the congestion of business in the United States courts, to prevent delay in the adjudication of cases, and to make possible greater uniformity of judicial opinion in interstate commerce cases, a Commerce Court was established by the act, pursuant to President Taft's recommendation to Congress. This court, consisting of five judges, was to have exclusive jurisdiction over the following classes of cases:⁴⁸

1. All cases for enforcement of any order of the commission other than for the payment of money where enforcement does not involve the collection of a forfeiture or penalty, or the infliction of criminal punishment.

2. All cases brought to enjoin or set aside in whole or in part any order of the commission.

3. Suits brought under the Elkins Act to enjoin illegal discriminations or departures from published rates.

4. Suits brought under Section 20, praying for the issuance of writs of mandamus, to compel the filing of proper reports or the keeping of prescribed accounts, and under Section 23 to compel the movement of interstate traffic or the furnishing of facilities.

An important change in the commission's procedure was made in the transfer from it to the Department of Justice of the duty of prosecution of suits in ordinary appeal cases and in cases before the Commerce Court.

With the enactment of the Mann-Elkins law, the crest of the wave in the period of restrictive railroad legislation may be said to have been attained.⁴⁹

⁴⁸ Dixon, Mann-Elkins Act, *Quarterly Journal of Economics*, XXIV, p. 633.

⁴⁹ The Panama Canal Act of Aug. 24, 1912 (37 Stat. L., 566), conferred upon the commission jurisdiction over transportation of property from point to point in the United States by rail and water, whether through the Panama Canal or otherwise, and not entirely within the limits of a single state. This jurisdiction, under certain conditions, included power

While Congress had thus conferred what appeared to be almost plenary power upon the commission, experience had demonstrated that no conclusions as to the efficacy of any such law could be drawn until the courts had rendered their decisions in cases before them. The possible effect of the decisions of the newly created Commerce Court was particularly a matter of concern. The first session of that court was held on February 15, 1911, and the thirty-six cases pending in the various circuit courts relating to matters under its jurisdiction were transferred to its docket.

The court assumed its duties under decidedly unfavorable conditions, for it was organized in a period when the courts generally were being assailed from many quarters, and it rendered itself quickly vulnerable to hostile criticism by overruling the Interstate Commerce Commission repeatedly in its first decisions. The old basis of conflict between the courts and the commission was again brought to the fore by the Commerce Court's adoption of the view that it was its function to review all cases which came before it on appeal. The commission, on the other hand, insisted upon the finality of its authority in matters of fact and in all "inferences as to economic facts." A bill to abolish the court was introduced in Congress after it had been in operation for hardly a year. The urgent deficiency appropriation act, approved October 22, 1913, provided for the abolition of the Commerce Court after December 31, 1913, and transferred all jurisdiction vested in it to the several district courts of the United States.

Other courts continued as under the Hepburn Act to restrict their jurisdictions to matters of law, assuming that it was the intent of Congress to render the commission's findings on matters of fact as conclusive. The orders of the commission were set aside only in cases where its statutory powers had been

to establish physical connection between lines of the rail carrier and the dock of the water carrier by directing the rail carrier to make such connection; to establish through routes and maximum joint rates over such rail and water lines, and to determine the conditions thereof, to establish proportional rates by rail to and from ports, and to determine to what traffic and in connection with what vessels and upon what terms and conditions such rates should apply; and to require rail carriers entering into through routing arrangements with any water carrier to extend the privileges of such arrangements to other water carriers.

exceeded or were inconsistent with the Constitution. Furthermore, the Supreme Court decided that action in a court to recover losses due to an alleged unreasonable rate cannot be upheld unless the commission has already rendered a decision as to the reasonableness of the rate against which complaint is made, and it has also maintained that negative orders of the commission are not subject to judicial review, so that a shipper has no right of appeal to the courts from the commission's ruling that a rate is reasonable and from its dismissal of a complaint after due hearing. Among the important decisions relating to the commission's powers handed down by the Supreme Court,⁵⁰ one relating to the revived long-and-short-haul clause, must be mentioned. In 1914 the court⁵¹ upheld the commission in its interpretation of its powers under this clause of the act. It was held that Congress in eliminating the phrase, "similar circumstances and conditions" had granted full authority to the commission to consider competitive conditions and that this power involved the right to perform those acts by means of which alone such power could be exercised. The court did not hold valid the objection that this section of the law delegated legislative power to the commission.

Even prior to the passage of the Mann-Elkins Act the commission had called the attention of Congress to the need of a valuation of railroad property. In its annual report for 1908 the commission said on this point:

No court or commission or accountant or financial writer would for a moment consider that the present balance-sheet statement purporting to give the "cost of property" suggests, even in a remote degree, a reliable measure either of money invested or of present value. Thus, at the first touch of critical analysis, the balance sheets published by American railways are found to be

⁵⁰ Other important decisions may be noted: 234 U. S., 548, sustaining the power of the commission over pipe lines granted by the act of 1906; 240 U. S., 294, sustaining the power of the commission to prescribe the proportion of the through rate to be granted to the tap line, and sustaining the commission's powers under the act of 1910 to establish joint rates; 224 U. S., 194, sustaining the commission's right to require reports from water carriers, and upholding the constitutionality of Section 20, which gives the commission authority over accounts and reports.

⁵¹ 234 U. S., 476, 495.

inadequate. They are incapable of rendering the service which may rightly be demanded of them. One cure seems possible for such a situation, and one only, and that is for the government to make an authoritative valuation of railway property, and to provide that the amounts so determined should be entered upon the books of the carriers as the accepted measure of capital assets. Under no other conditions can the commission complete in a satisfactory manner the formulation of a standard system of accounts.

Congress complied with this recommendation in the act of March 1, 1913 (37 Stat. L., 701), which directed the commission to appraise the property of all common carriers subject to the act to regulate commerce. An inventory was to be made of the property to be valued, and the cost of reproduction both new and less depreciation was to be ascertained. After initial valuation, the commission was required to keep the information up to date.

Certain powers were granted the Commission during this period to prevent restraint of competition. The Panama Canal Act of August 24, 1912 (37 Stat. L., 566), made it unlawful after July 1, 1914, for any common carrier subject to the act to regulate commerce to own, lease, operate, control, or have any interest in any competing carrier by water. The commission was empowered to determine questions of fact as to competition, after full hearing, on the application of any railroad company or other carrier, and to permit beyond July 1, 1914, such ownership or operation of vessels plying elsewhere than through the Panama Canal, when it found it to be in the interest of the public and not in restraint of competition. Jurisdiction was conferred upon the commission in 1914 to administer certain provisions of the Clayton Act approved October 15, 1914 (38 Stat. L., 730), aimed at unlawful restraints and monopolies, in so far as the law applies to carriers subject to the Interstate Commerce Act. * The commission was also authorized to investigate violations of the act by carriers and to require the guilty parties to desist from illegal practices.

Meanwhile, during this period of rehabilitation and extension of the commission's powers, Congress had directed its attention to broadening its authority in regard to the safety of passengers, employees, and property. Its duties in this field and the position of the Chairman in the mechanism for adjustment of labor disputes on the railroads in the first period of its history have already

been described. It was inherent, however, in the modest beginnings then made in this field that an increasing degree of government control over operations should result. It has been indicated that experience under the Safety Appliance Law of 1893 demonstrated the need of certain amendments. The study of the accident reports submitted to the commission by the railroads in accordance with the act of March 3, 1901, revealed certain basic, preventable causes of accidents. In both instances, the commission recommended appropriate legislation which Congress enacted.

In 1903 (Act of March 2, 1903; 32 Stat. L., 943), Congress broadened the Safety Appliance Act so that it applied with minor exceptions "to all trains, locomotives, tenders, cars, and similar vehicles used on any railroad engaged in interstate commerce, and in the territories and the District of Columbia, and to all other locomotives, tenders, cars, and similar vehicles used in connection therewith." It was also provided that not less than 50 per cent of the cars in trains operated with power or train brakes should have such brakes used and operated by the engineer of the locomotive drawing the train, and that all power-braked cars in such train which were associated together with 50 per cent should also have their brakes so used and operated. The commission was empowered to increase, after full hearing, "the minimum percentage of cars in any train required to be operated with power or train brakes which must have their brakes used and operated by the engineer of the locomotive drawing such train."⁸²

The marked decline in deaths and injuries following the joint operation of this law and the act of 1893 led the commission in 1909 to urge "the full measure of protection to which railroad employees are entitled." It was pointed out that uniformity and sound maintenance of such appliances as sill steps, ladders, roof hand holds, running boards, and hand brakes were "vitally necessary" for the safety of employees, but that the commission's inspectors could not exercise effective supervision over them since they were not covered by the law and no penalty was attached to their use in defective condition. By act of April 14, 1910 (36 Stat. L., 298), Congress complied with the commission's recom-

⁸² On August 1, 1906, the commission extended the minimum percentage to 75 per cent and on June 6, 1910, to 85 per cent.

mendation and required it to designate within six months, the number, dimensions, location, and manner of application to cars used by carriers engaged in interstate commerce, of the appliances mentioned above. The matter was taken up by a joint committee representing the commission, railroad employees, and the carriers, which considered the matter and virtually agreed upon the regulations to be adopted. By order of October 13, 1910, as revised by order of March 13, 1911, definite standards were prescribed and an extension of five years from July 1, 1911, was granted as to some of the appliances mentioned in the act, to give the railroads time to render their equipment conformable to the specified standards.⁵³

By the act of May 30, 1908 (35 Stat. L., 476), the duty was imposed upon the commission of enforcing the provisions of the act which made it unlawful for interstate common carriers to use any locomotive "not equipped with an ashpan which can be dumped or emptied and cleaned without the necessity of any employee going under such locomotive." The law became effective January 1, 1910. In the interval of nineteen months between the approval of the law and the date on which it became effective the carriers subject to the act were enabled to equip nearly all their locomotives as required. In 1904 the commission reported that practically all the locomotives were properly equipped, and that the principal duty of the carriers in this matter was to maintain in suitable condition the devices installed.

By the act of February 17, 1911 (36 Stat. L., 913), various duties were imposed upon the commission relating to the inspection of locomotive boilers. A Chief Inspector and two assistant inspectors were to be appointed by the President, with the concurrence of the Senate, while the commission was required to appoint fifty district inspectors. Rules for locomotive boiler inspection of each carrier were to be filed with the Chief Inspector within three months after the approval of the act and after hear-

⁵³ On November 2, 1915, the commission further extended the time for compliance with certain paragraphs of the order to July 1, 1917, and thereafter, on account of war conditions, extensions of time were granted as follows: by order of March 1, 1917, to March 1, 1918; by order of February 1, 1918, to September 1, 1919; and by order of August 29, 1919, to March 1, 1920.

ing and approval by the Interstate Commerce Commission, such rules and instructions, with such modifications as the commission might require, were to become obligatory upon such carrier. The Chief Inspector was to prepare rules for those carriers who failed to file their own rules, and such rules after approval by the commission were to become obligatory. Any changes in the rules were not to take effect until filed with and approved by the commission. The commission was made the final court of appeal from the rulings of the inspectors in regard to serviceability of locomotives. The Chief Inspector, though an appointee of the President, was required to report to the commission both annually and upon its special request. The Chief Inspector or one of his assistants was directed to investigate any accident due to failure from any cause of a locomotive boiler or its appurtenances resulting in the death of one or more persons, and the commission was empowered at any time to call upon the Chief Inspector for a report on such accident and to make it public, if it deemed it to the public interest.

After the appointment of the Chief Inspector and his two assistants, a public hearing was held in Washington in which the representatives of organizations of employees and carriers participated, and thereafter the commission approved the rules and regulations submitted by the Chief Inspector governing the inspection of locomotive boilers. An organization was effected to supervise the inspection and testing of the approximately sixty-three thousand locomotives then subject to the act. Fifty inspection districts were established after the consideration had been given to the number of locomotives, density of traffic, number and location of inspection and repair points, and other relevant considerations. The inspectors were appointed through examination conducted under the auspices of the Civil Service Commission and they were selected from the several branches of the locomotive service.

After the district inspectors were placed in the field they reported locomotives with serious defects in parts not covered by the boiler inspection law. Although there was no legal authority to act in such cases, inspectors were instructed to report such defects as were liable to cause accidents to the proper railroad offices for voluntary remedial action. This situation was relieved by the act of March 4, 1915 (38 Stat. L., 1192), which extended the safety requirements of the Boiler Inspection Act of February 17, 1911, to

apply to the entire locomotive and tender and all its parts and appurtenances.

The developments in safety legislation thus far described represent, in the main, the logical outcome of the initial Safety Appliance Act of 1893, aimed primarily at protection to employees. It remains to consider the results of the Accidents Reports Act of March 3, 1901, which was enacted to throw light upon the causes of collisions and derailments.

In the first place, while the reports were not complete enough to warrant categorical assertion as to the relation between fatigue and negligence of duty by trainmen, it was the commission's judgment that the number of accidents associated with excessive hours of service of employees warranted the inference that overwork was a more or less frequent cause.⁵⁴ The Hours of Service Act of March 4, 1907 (34 Stat. L., 1416), was enacted to remedy this situation by limiting the hours of service of employees of interstate carriers, and the commission was given the duty of execution and enforcement of the act. The means adopted by the commission to determine whether the provisions of the law were being observed was a requirement that carriers should file monthly reports under oath, showing the excess service of employees and the causes thereof. Many carriers refused to file such reports until the Supreme Court⁵⁵ sustained the commission's authority in this respect.

The reports showed that the carriers were utilizing the special emergency exempting clauses of the act to require employees to be on duty for more than the statutory period. Furthermore, several of the courts ruled that railroads were excused under the proviso from the operation of the law where delay was caused after a train had started upon its run by hot boxes, leaky flues, or other ordinary incidents of railroad operation. The commission, therefore, recommended that the law be made more specific in this particular in order to restrict the exercise of discretion on the part of carriers in determining whether a given incident was a "casualty" or "unavoidable" accident within the meaning of

⁵⁴ Dixon, Railroad Accidents, *Atlantic Monthly*, vol. 99, p. 583.

⁵⁵ *Baltimore and Ohio Railroad v. Interstate Commerce Commission*, 221 U. S., 612.

the law and to eliminate conflicting decisions and litigation in the courts over the interpretation of the proviso. This recommendation was renewed in each annual report of the commission between 1908 and 1915.⁵⁶

Study of the accident reports showed a large proportion of casualties due to excessive dependence upon the human factor in railroading. The obvious advantages of the block system in lessening such dependence and the necessity for stimulating the laggard roads to adopt it impelled the commission in 1904 to prepare a draft of a bill, following the English model, providing for the gradual installation of the system on the American roads. No particular mechanism was prescribed, but a policy was established, the detailed execution of which was relegated to the railroad experts. Congress did not enact this measure but by joint resolution of June 30, 1906 (34 Stat. L., 838), the commission was directed to investigate, report, and recommend advisable legislation in relation to the use of and necessity for block-signal systems and appliances for the automatic control of trains, and \$50,000 was appropriated in 1907 (Act of March 4, 1907; 45 Stat. L., 1312), to enable the commission to make experimental tests. A body of experts was appointed under these laws, designated as the Block Signal and Train Control Board,⁵⁷ to supervise and conduct the proposed tests and carry out the purpose of the joint resolution of June 30, 1906.

Although the Congressional resolution was confined strictly to block signals and automatic stops, many other devices were submitted to the board for investigation and test, and the commission suggested that enlargement of the scope of the resolution was desirable if Congress wished information on these devices. By the act of May 27, 1908 (35 Stat. L., 317, 325), the board was required

⁵⁶ By a decision handed down on June 4, 1917 (*Atchison, Topeka and Santa Fe Railway Co. v. U. S.*, 244 U. S. 336), this situation was relieved. The court held that the act required the carrier to do all reasonably within its power, to confine the hours of service within the limits stated and that it was not the intent of the emergency clause to relieve the carriers from diligent effort to avoid exceeding the limits of service which the act specified.

⁵⁷ See Annual Report, 1907, p. 122 *et seq.* for a full account of the organization of the board.

to take cognizance of any appliances or systems intended to promote safety in railroad operation.

After four years of investigation the board recommended⁸⁸ the compulsory use of the block system on all passenger railroads. It reported that while automatic train stops, if properly installed and maintained, would in its opinion contribute to safety of railroad travel, there had been so little actual experience with such devices on steam surface railroads that it deemed it doubtful whether legislative requirement for the use of automatic stops would be wise at that time. It recommended, however, that legislative action be taken if due diligence should not be exercised by the railroads in developing such systems. It referred to the piecemeal character of existing safety legislation and stated that the results obtained were not commensurate with the cost to the public or the railroads. It recommended, accordingly, that some central authority be established with power to deal as adequately with matters relating to physical operation of railroads as the existing legislation dealt with rates and accounts.

The commission in commenting on this report, expressed its belief that the board's work in investigating block signal systems and automatic control appliances was so near completion that it was not necessary to continue it and that so far as the enlarged field of inquiry authorized by the act of May 27, 1908, was concerned, there was little utility in the work of a temporary board with its limited appropriation, for the merits of miscellaneous safety appliances and systems could not be conclusively established by mere investigation but by practical application and experience in railroad service. The commission urged, as in previous years, legislation to make the block signal system compulsory, but again Congress only authorized further investigation regarding the use and necessity of block signal systems, automatic train control appliances, and other safety devices. Experimental tests to be conducted under certain conditions were also authorized. In December, 1913, the duty of carrying out these provisions of the law was assigned by the commission to the newly established Division of Safety. The appropriation

⁸⁸ See Annual Report of 1911, pp. 85-87 for a summary of recommendations of the board.

acts of subsequent years made provision for the continuance of this work of investigation and the testing of safety appliances.

As early as 1905 the commission had pointed to the need of amending the accident reports law in various particulars. In 1909, it called attention to the inadequacy of the accident reports themselves. "Mere statistics," it said, "can only call attention to the necessity of preventing accidents, they afford no help in solving the problem." It was pointed out that the notes in the quarterly accident bulletin on the causes of 122 of the more important train accidents of the fiscal year, emphasized by their incompleteness, the need for public investigation of accidents. Congress complied with the commission's suggestion in the act of May 6, 1910 (36 Stat. L., 350), which became effective July 1, 1910. This law replaced the accident reports act of March 3, 1901⁶⁰ and gave the commission authority to investigate all collisions, derailments, or other accidents resulting in serious injury to persons or property occurring on the line of any common carrier by railroad engaged in interstate or foreign commerce. The commission assumed that it was not the intent of Congress to require investigation of train accidents generally throughout the country with the intent of locating the blame in particular cases, the expense of which procedure would be prohibitive, but to determine for the benefit of Congress and the public the lessons to be learned from typical accidents.

The investigations of the commission under the law soon developed important information regarding causes of accidents: the superiority of steel equipment, the necessity of ascertaining and improving the physical condition of the tracks and roadways used in interstate commerce, and the need for standardization of operating rules. Attention was also called to the large number of accidents resulting from trespass upon the tracks of the carriers. In its investigation of accidents involving broken rails, the commission received aid from the Bureau of Standards, which had

⁶⁰ The act of March 3, 1901, limited monthly accident reports to casualties to passengers and employees on duty. All other accidents were included in their annual reports. The new law required monthly reports of all collisions, derailments, or other accidents resulting in injury to persons, equipment, or roadbed, and relieved carriers from including accident reports in the annual report.

facilities and expert personnel for determining with accuracy the causes of rail failures. It was found that "the line of demarcation between safe and unsafe conditions" had not been demonstrated in practical railroad engineering, and that it was not known how much or how little margin of strength resided in the track. An exceedingly large proportion of train accidents were found to be due to dereliction of duty on the part of employees. On this point the commission spoke emphatically:

The evidence is that in the main the rules are understood, but they are habitually violated by employees who are charged with responsibility for the safe movement of trains. The evidence also is that in many cases operating officers are cognizant of this habitual disregard of rules and no proper steps are taken to correct the evil. Many operating officers seem to proceed upon the theory that their responsibility ends with the promulgation of rules, apparently overlooking the fact that no matter how inherently good a rule may be, it is of no force unless it is obeyed. On very many railroads there is little or no system of inspection or supervision of the work of train-service employees so far as pertains to those matters which vitally affect safety. Employees are not examined on the operating rules except at the time of their promotion, and only the most perfunctory efforts are made to determine their fitness to perform the duties assigned to them from time to time.

This lack of supervision and inspection with respect to matters affecting the safety of trains is unexplainable when the careful supervision of all matters directly affecting the revenue of the roads is considered. The auditing and checking systems used for detecting the dishonesty of employees are marvels of ingenuity and careful attention to detail, but means of determining whether trains are operated in accordance with the requirements of safety and in conformity with the rules are almost entirely lacking.⁶⁰

An improvement was noted in this respect a few years later, which the commission attributed in large measure to the public investigation of accidents and the evil operating conditions thereby disclosed.

The loss of life and property, which from time to time resulted from improper packing, handling, or loading of explosives, led to the enactment of the act of May 30, 1908 (35 Stat. L., 555),

⁶⁰ Annual Report, 1913, p. 68.

which directed the commission to formulate regulations for safe transportation by land of explosives in interstate commerce. After due hearing, regulations effective October 15, 1908, were formulated and published, relative to the packing, handling, loading, and transportation of explosives. Section 341 of an act of March 4, 1909 (35 Stat. L., 1088, 1159), repealed the act of May 30, 1908, and Sections 232 to 236 inclusive, of the new law made further provision for safe transportation of explosives, under authority of which the commission published new regulations, effective January 15, 1910. Under Section 15 of the act to regulate commerce, regulations were promulgated, effective October 1, 1911, to regulate the transportation of dangerous articles other than explosives. Appropriate modifications and extensions of these regulations have been made in the light of experience from time to time.

Although the determination of proper compensation to the railroads for the carriage of mails is, obviously, an important element in the relationship of the national government to the railroads, it was not until 1916 that the problem was placed under the jurisdiction of the agency of the national government established to deal with the carriers. As far back as 1873 Congress had prescribed rates of pay based on weight of mail and distance carried and on the equipment supplied in the form of mail cars; and modifications in the rates thus established were made by congressional action in 1876, 1878, and 1907, and by administrative regulation and interpretation.⁶¹

With the establishment of the parcel post system in 1913, the issue as to proper compensation for mail carriage reached a climax. A joint congressional committee reported in 1914, that the railroads were entitled to an increase in compensation, and recommended the adoption of a space basis of payment instead of the existing weight basis. By the act of July 28, 1916 (39 Stat. L., 412), the commission was directed to fix and determine the basis and amount of compensation for carriage of mail and for the services which are necessarily involved therein. Subject to the consent of the commission, the Postmaster General was authorized to put into effect the space basis system of compensa-

⁶¹ Dixon, *Railroads and government*, p. 60.

tion to the degree that he deemed it practicable and necessary at rates provided in the law. The commission was directed to conduct hearings and to report on the operation of the system. Following the introduction of the space basis system on nearly all of the railroads on November 1, 1916, the commission, after hearing, on December 23, 1919, approved the new system and made its adoption compulsory on all mail routes, effective March 1, 1920.

Under its authority to conduct upon its own motion proceedings of investigation into the rates and practices of carriers and to issue orders as a result of such proceedings to the same effect as though formal complaint had been filed, the commission undertook an inquiry into express rates in 1912. The occasion for the investigation at this time was not only the pendency upon the commission's docket of a number of cases, attacking the rates and practices of express companies throughout the country, but also the receipt of numerous protests from shippers. As a result of its general investigation into which all pending complaints were merged, the commission reported "that many of the practices of the express companies were utterly inexcusable, that their methods were archaic, their rates discriminatory and unreasonable." Subsequently, a complete renovation in the methods and rates of the express companies was effected. Through routes and joint rates were established for the first time and the through charge, previously constructed out of the sum of local rates, was eliminated. The practice of double collection of charges was stopped, discriminatory rates were abolished, and a system of rate computation by zones and blocks and class rates was initiated which simplified the tariffs both for the companies and the public.

Various duties were assigned to the commission in this period by Congress which were only indirectly related to its sphere of activity. By the act of May 23, 1908, the enforcement of the act relating to the service of the street railway companies in the District of Columbia was assigned to the commission. Prosecutions for violations of any provisions of the act were to be conducted on information of the Interstate Commerce Commission filed in the police court by or on behalf of the commission. The commission found itself unable to give proper attention to these duties and asked to be relieved therefrom.

It was not, however, until four years later that Congress saw fit to take such action. By the act of March 4, 1913 (37 Stat. L., 995), all power and authority under the act of May 23, 1908, was transferred to the Public Utilities Commission of the District of Columbia.

The act of August 24, 1912 (37 Stat. L., 559), establishing the parcel post made the commission's consent, after investigation, prerequisite for changes in rates of postage and conditions of mailability in the parcel post desired by the Postmaster General. Since one of its general duties was to regulate practices and charges of express companies which were in competition with the parcel post system, the commission felt that in exercising its functions under the act establishing the parcel post, it was virtually compelled to determine the extent to which the parcel post should supersede the express systems. It, therefore, recommended to Congress in 1913 that it be relieved of all duties in connection with the parcel post, or, if that were not done, that a clearer statement be made of the duties to be performed and the standards to be applied.

The Erdman Law of 1898, which had been enacted to provide federal machinery for amicable adjustment of disputes between common carriers in interstate commerce and their train operatives, remained practically a dead letter until 1906, as described above. But from the time of settlement of the dispute involving the firemen and enginemen of the Southern Pacific in January, 1907, the act was invoked with increasing frequency, so that it became necessary to relieve the Chairman of the Interstate Commerce Commission from the duty of acting with the Commissioner of Labor in executing the provisions of the law. By act of March 4, 1911 (36 Stat. L., 1397), the President of the United States was authorized to designate from to time any member of the Interstate Commerce Commission or of the Commerce Court to exercise the powers conferred and the duties imposed upon the Chairman of the Interstate Commerce Commission by the law of 1898. In 1913 a permanent board, designated the Board of Mediation and Conciliation, was created to execute the provisions of the Newlands Act (Act of July 15, 1913; 38 Stat. L., 103), which replaced the law of 1898. Thus the federal machin-

ery for amicable adjustment of disputes between the carriers and their employees engaged in train service or operation was removed from the jurisdiction of or contact with the commission.

Congress utilized the commission in this period for the conduct of numerous special investigations. Only two of the most significant ones need be mentioned here for illustrative purposes. Pursuant to Joint Resolution of Congress of March 7, 1906, amended March 21, 1906, the commission conducted an investigation as to transportation by common carriers of coal or oil owned by them directly or indirectly, direct or indirect ownership by carriers of coal or oil properties, and systems of car supply and distribution by railroads engaged in transportation of coal or oil. Various reports on these matters were published as congressional documents in the years 1907-1909. The commission's conclusions, published in June, 1914,⁶² threw considerable light on the issues involved in the enforcement of the "commodities clause" of the Interstate Commerce Act, aimed primarily at separation of coal mining and transportation. It concluded that public and private business should be clearly separated, that credit should not be granted to private industry by the railroads, and that the commodities clause should be enforced and extended to all traffic. In a report dated April 11, 1916, the outcome of an investigation conducted pursuant to a Senate resolution of May 16, 1914, the commission pointed out the extent of common control or ownership between rail and water carriers.

Period of Positive or Constructive Legislation. With the enactment of the acts of 1906 and 1910 and the abolition of the Commerce Court which for a time threatened to emasculate by judicial interpretation the provisions of these acts; and in view of the Supreme Court's liberal interpretation of the commission's powers, it appeared that effective control of common carriers had been established and that the long struggle for regulation of the railroads in the public interest had been won. Only a few years elapsed before it became obvious that the railroad problem had not been solved, and that there were several fundamental defects in the existing system of regulation. A general realization of these defects and the lessons brought by the war led to a new

⁶² 31 I. C. C., 193.

attitude toward the railroads which was reflected in legislation of a new type.

Defects of the System of Federal Regulation. The circumstances under which the interstate commerce laws had been enacted, as described above, were of a nature to lead those who were entrusted with the administration and enforcement of those laws to assume a restrictive rather than a liberal policy toward the railroads. The public viewed the commission as a governmental agency, primarily established to prevent increasing railroad rates, and the law placed the burden of proof as to the necessity for increased rates upon the carriers. The following paragraph from a decision of the commission in 1910 shows clearly its point of view at this time:

We must not regard too seriously, however, the effort of railroad counsel to establish this commission *in loco parentis* toward the railroads. . . . This country cannot afford to have poor railroads, insufficiently equipped, unsubstantially built, carelessly operated. . . . Nevertheless, it is likewise to be remembered that the government has not undertaken to become the directing mind in railroad management. We are not the managers of the railroads. And no matter what the revenue they may receive, there can be no control placed by us upon its expenditure, no improvements directed, no economies enforced.⁶³

Furthermore, with an increasing degree of regulation, there was a corresponding increase in the diffusion of responsibility for the successful management of the carriers between law makers, administrative commission, and railroad executives. Another defect in the regulatory systems was the fragmentary nature of the commission's powers.

The interstate commerce laws as they were in 1914 represented in large measure the fruits of a process of "building step by step based upon experience and demonstrated necessity." Litigation over constitutional questions also had much to do with the form of the law as it stood at that time. The processes of piecemeal legislation and judicial interpretation culminating in a more or less suitable adaptation to the conflicting demands of carriers and shippers, could hardly have been expected to result in a logically

⁶³ 20 I. C. C., 317.

complete or symmetrically arranged system, and the powers of the commission were consequently fragmentary. In the matter of rates its powers were greater than in any other direction, yet the extent of its authority over state rates was uncertain, and while it had authority to prescribe reasonable maximum rates and to prevent unreasonable increases, it could not determine reasonable minimum rates or prohibit unreasonable reductions. It could not authorize railroads to enter into pooling arrangements to restrict competition in rates where necessary for the public interest. In matters of construction, operation, and maintenance, the powers of the commission were even more limited. It had no means of preventing the interruption of traffic due to industrial conflicts, but it could require railroads to establish proper through routes. Furthermore, while many states assumed supervision of the issuance of railroad securities, the Interstate Commerce Commission had practically no control over the financial operations of the carriers, although nearly all railroads in the country were engaged in interstate commerce.⁶⁴

In the matter of rail and water competition, while the authority of the commission was large with regard to water carriers under control of railroads, it had no control over independent water carriers that did not participate in joint business with the railroads. Furthermore, the commission felt itself unable under the provisions of the law to grant exemption from the prohibition against common ownership unless the evidence was clear that a continuance of such ownership would not reduce or prevent competition, although such exemption might be required in the public interest.

Even in matters of safety, in which field of activity such remarkable progress had been made since the commission began its agitation for safety appliances in 1889, much was yet required for the establishment of a well-ordered system of regulation. While the commission could prescribe the safety appliances to be used on locomotives and cars, it had no authority to compel the installation of block signals or automatic train control devices, although

⁶⁴ For a comprehensive account of the fragmentary nature of the interstate commerce laws at this time, see Dunn "The Interstate Commerce Commission and the Railroads," *Annals of Amer. Acad. of Pol. and Soc. Science*, vol. 63, p. 158, also Dixon as above.

it had repeatedly urged enactment of appropriate legislation. It was charged with the duty of supervision and regulation of locomotive inspection, but it lacked authority over roadway and track, although it had persistently called attention to the necessity for investigation of track and rail conditions and establishment of limits of safety. Legislation had been enacted for standardization of safety appliances, but nothing had been done to enforce standardization of operating rules. The commission believed that superiority of steel cars in passenger service had been fully demonstrated, but Congress had not complied with its recommendation to prohibit the use of wooden cars between or in front of steel cars or to compel the use of steel cars in passenger service.

In its statistical work the commission had practically completed the development originally contemplated by the law of 1887. Owing in large measure to coöperation with state regulatory bodies, the commission's railroad statistics covered intrastate commerce as well as interstate and foreign commerce, and with a few exceptions the entire business of all the larger corporations reporting. The demand for prompter information than was possible through the annual publications had been met by frequent publication of bulletins of revenues and expenses of carriers.⁶⁵ The extension of the commission's authority over common carriers other than steam railroads had made possible rather complete and comprehensive statistics of the entire transportation industry.

The work of the commission in the standardization of accounts had not only resulted in a betterment of accounting practice but was of great utility for administrative purposes. One of the aims of the commission was to create a condition in which "such evidences as will insure the conviction of a carrier who violates the law may be obtained easily and in abundance." Furthermore, the uniformity of accounting had resulted in more satisfactory statistical compilations. While thus much progress had been made in the practice of accounting by the carriers, much remained to be

⁶⁵ As of July 1, 1907, the commission ordered steam railroad carriers to file monthly reports of revenues and expenses from which monthly bulletins have been compiled and published. In 1913 the commission reported the institution of practically a daily bulletin issued for the benefit of the press, showing earnings and expenses of railways as reported for the latest month for which reports were currently received.

done. The commission pointed out in 1914 that a correct statement of assets and liabilities could not be reached through merely recording the receipts and payments of money, and that changes in values and the problems of depreciation were not being given sufficient attention. It was noted also that repair expenses did not always appear in the period in which they accrued. A serious defect in the commission's system of accounts was the inability to determine thereby to a reasonable degree of accuracy the cost of performing a particular service. The utilization by the railroad companies in rate cases of the defense of "confiscation without due process of law" and the inability of the commission after the Supreme Court decision in *Smith v. Ames*⁶⁶ to establish a rate below the cost of performing the service necessary to earn the rate, indicated the need for more detailed cost accounting to distinguish between the cost of performing various classes of service.

The circumstances which led to the inclusion in the act of 1910 of the power of the commission to suspend rates pending examination as to their reasonableness, have been noted. The results of the operation of this section of the law were not as contemplated by its advocates since it was thereby made necessary for carriers to demonstrate that a proposed rate as a whole was reasonable and not that the mere increase over the preexistent rate was reasonable.

State regulation of the carriers in many respects nullified the beneficent effects of central control. While the national authority over interstate commerce, when exercised, was admittedly exclusive and paramount to that of the states over state commerce, various states enacted laws or promulgated regulations through their commissions which indirectly interfered with interstate commerce. By their regulations of railroad operation, they caused increases in operating expenses which were borne in the main not by state traffic but by interstate commerce, which constituted the bulk of the total handled by the carriers.

⁶⁶ 169 U. S., 466. In May, 1914, hearings were held by the commission to consider the matter of requiring carriers to apportion their operating expenses, and on June 13, 1914, a report was issued (30 I. C. C., 676) requiring Class 1 roads to separate their operating expenses between freight and passenger services on certain prescribed bases. An order was later issued, effective as of July 1, 1915, requiring the above class of carriers to further separate items of expenditure. (See Annual Report, 1915, p. 46).

Effect of the World War on the Commission. The commission in its annual reports to Congress suggested legislation to effect control over construction, maintenance, and operation of the physical properties of the railroads and their capitalization. It requested authority to coöperate with state commissions to reconcile conflicts between state and interstate rates. It urged that its membership be increased and that it be given express power to act through subdivisions, each of which could devote its attention to specified subjects or features of the work.

To remove the difficulties inherent in the suspension method of rate regulation, the commission recommended the adoption of the principle of the English law which declared prevailing rates reasonable and made justification necessary of increases only. It recommended that Congress by enactment of a statute fix as of a specified date "the existing interstate rates, fares, classifications, rules, regulations, and charges as just and reasonable for the past," and provide "that after that date, no change therein may be made except upon order of the commission," in order that the energies expended upon rate controversies as to the past might be utilized for constructive work for the future.

It also recommended that to improve the situation with respect to rail and water competition, the commission be authorized to allow a continuance of railroad ownership of water lines when the interest and convenience of the public required it, even though such ownership reduced competition. There was, furthermore, evidence of change of opinion within the commission with regard to its general policy toward the financial condition of the carriers. The positive and constructive point of view was becoming marked in some of the minority opinions.

With the outbreak of the World War it became essential, however, to attack the whole railroad problem from the new point of view of national defense. In 1916 for the first time in a decade, the number of freight cars available began to fall below the demand in consequence of the unprecedented volume of traffic resulting from increased European purchases in the United States. The need for large capital outlays to provide the additional facilities and equipment required to meet this traffic was urgent, but American capital was being called upon simultaneously to absorb about two-thirds of the American securities owned abroad prior

to August 1, 1914. The demand for capital was further accentuated by the requirements of an expanding war-time industry and trade. Moreover, the continuous rise in the price-level reduced the net income of the railroads, although the gross revenues were in excess of previous records.

Under such conditions, some retardation in the progress of the safety movement was inevitable. In 1916 the Division of Locomotive Inspection reported that owing to unprecedented traffic conditions, more than 6000 locomotives which had been in storage the preceding year were placed in service under conditions which in some instances made proper maintenance difficult. The following year an increase was noted in the number of defective locomotives and the casualties resulting therefrom. The commission found it necessary to extend the time within which carriers were to equip their freight cars with certain standards of safety appliances as fixed by order of March 13, 1911, and subsequent orders.

The serious financial situation of the railroads confronted the nation at a time when public attention was directed to their importance in troop and munition movements and in the general economic mobilization for war. It was evident that the existing laws regulating the carriers, originally framed to guard the "competitive stimulus," would not be suitable to protect the nation and its commerce in time of war, since centralization of the competing transportation systems was prohibited. In his message of December 7, 1915, President Wilson recommended the appointment of "a commission of inquiry to ascertain by a thorough canvass of the whole question whether our laws as at present framed and administered are as serviceable as they might be in the solution of the problem."

Congress adopted the President's recommendation in a joint resolution of July 20, 1916 (39 Stat. L., 387), which provided for the appointment of a joint subcommittee composed of members of the Senate Committee on Interstate Commerce and the House Committee on Interstate and Foreign Commerce to investigate the following subjects:

Government control and regulation of interstate and foreign transportation, the efficiency of the existing system in protecting the rights of shippers and carriers and in promoting the public

interest, the incorporation or control of the incorporation of carriers, and all proposed changes in the organization of the Interstate Commerce Commission and the act to regulate commerce, also the subject of government ownership of all public utilities, such as telegraph, wireless, cable, telephone, express companies, and railroads engaged in interstate and foreign commerce and report as to the wisdom or feasibility of government ownership of such utilities and as to the comparative worth and efficiency of government regulation and control as compared with government ownership and operation.

Hearings were begun in November, 1916, and were continued intermittently until December 19, 1917.⁶⁷ During these hearings, international events moved so rapidly and the situation of the United States was so changed in consequence of the declaration of war of April 6, 1917, that the information made available by the investigation could not be crystallized into a recommendatory report.⁶⁸ Only a few days after the termination of the hearings, the President by proclamation took control of the railroads of the country, and three days thereafter hearings were begun on governmental control of railroads before the Senate Committee on Interstate Commerce to provide suitable legislation to support the President's action.

Shortly after Congress authorized the above investigation, it took action to relieve the commission. By the act of August 9, 1917 (40 Stat. L., 270), the commission was enlarged so as to consist of nine members, and it was authorized to divide its members into as many divisions as might be necessary, with the senior in service in each division acting as chairman, and to assign to any division for action any of the work, business, or functions arising under the act. Full jurisdiction was conferred upon these divisions "to hear and determine, order, certify, report, or otherwise act as to any of the work, business, or functions so assigned or referred to it for action by the commission." It was required that "in all proceedings before any such division relating to the reasonableness of rates or to alleged discriminations not less than

⁶⁷ The time for making a report was extended by Congress to the first Monday in December, 1917, and again to the first Monday in December, 1918.

⁶⁸ 65 Cong. 3 sess., H. rep. 1170.

three members should participate in the consideration and decision and in all proceedings relating to the valuation of railway property not less than five members should participate."

Section 4 of this act amended Section 15, paragraph 2, of the Interstate Commerce Act by adding the provision that until January 1, 1920, no increased rate, fare, charge, or classification should be filed except after approval thereof had been secured from the commission, which body could, in its discretion, grant such approval without formal hearing. This amendment enacted into law the recommendation of the commission described above to legalize the existing rate structure and prevent controversy between shippers and carriers as to past practices and rates.

Meanwhile in the haste of preparation for the participation of the United States in the war, emergency legislation was enacted which resulted in a diversified and somewhat anarchic governmental control over railroad operations. In the act of August 29, 1916 (39 Stat. L., 645), the President was empowered through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same, to the exclusion as far as might be necessary of all other traffic thereon, for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as might be needful or desirable. Under this act, the War and Navy departments and the U. S. Shipping Board subsequently issued many priority orders to the carriers. The Car-Service Act of May 29, 1917 (40 Stat. L., 101), gave the commission broad powers to issue summary directions on the movement, distribution, exchange, interchange, and return of cars. Under this act a new bureau, that of "car-service," was created in the commission, and in coöperation with a joint committee of the carriers, known as the "Commission on Car Service,"⁶⁹ exerted wide regulatory power over car service and over transportation generally.

⁶⁹ In April the Railroads' War Board assumed direction of the railroads, under a resolution signed by nearly seven hundred executives, in which the signatories pledged themselves during the war to coöperate their operations in a continental system, "merging during such period all their merely individual and competitive activities in the effort to produce a maximum of national transportation efficiency."

By the act of August 10, 1917 (40 Stat. L., 272), the President was authorized

during the continuance of the war . . . if he finds it necessary for the national defense and security, to direct that such traffic or such shipments of commodities as, in his judgment, may be essential to the national defense and security shall have preference or priority in transportation by any common carrier by railroad, water or otherwise.

The commission was directed to fix the rates for the transportation of persons and property in carrying out the orders of the President under this act. To control the issuance of priority orders provided for in this law, the President appointed a Priority Director, although he was permitted to utilize the commission for the purpose. Further complicating matters, the Food Administration and the Fuel Administration, created by the President, were given powers affecting the movement of foods and fuel, and thus indirectly participated in railroad management and administration.

Under this arrangement, despite the carriers' efforts to move the great volume of tonnage then being offered, a general breakdown in transportation was threatened. The commission thereupon, on December 5, 1917, transmitted a special report to Congress urging unification in operation of the railroads during the war. After pointing out that the provisions of the original act with its successive amendments were aimed to protect shipper and public against unjust or unfair treatment by the carrier and not to protect the nation and its commerce in time of war by fullest utilization of all the forces and resources of its transportation systems, the commission declared that unification in railroad operation, such as was indispensable during the period of conflict, could be effected in two ways only, by "operation as a unit by the carriers themselves" or "operation as a unit by the President during the period of war, as a war measure, under the powers vested in him by the Constitution and those which have been or may be conferred by the Congress." While the commission did not urge the adoption of either alternative, it presented forcibly the obstacles to a unification by the carriers themselves.

The President followed the second alternative presented by the commission and on December 26, 1917, issued a proclamation assuming operation of the railroads of the country under the authority of the clause in the act of August 29, 1916. Control and operation of the railroads, thus assumed possession of, was vested in an official designated as the Director General of Railroads. This proclamation provided that the existing statutes and orders of the Interstate Commerce Commission should be binding upon the carriers until superseded by order of the Director General.

Appropriate statutory provision to make the President's proclamation effective was made by Congress by the Federal Control Act of March 21, 1918 (40 Stat. L., 451), which among other matters, defined the powers of the commission under the new régime. The commission was directed to ascertain and certify to the President the average net operating income of the carriers for the three years ending June 30, 1917, which certification was to be taken as conclusive in determining the annual compensation due to the railroads for the period of government operation. It was empowered to appoint boards of referees to adjudicate claims for compensation arising out of national control. The President was authorized to "avail himself of the advice, assistance, and coöperation of the Interstate Commerce Commission and of the members and employees thereof." He was authorized to initiate rates, charges, classifications, regulations and practices by filing them with the commission, which was prohibited from suspending these rates, charges, etc., pending final determination of their reasonableness, but was permitted to enter upon hearing after complaint as to reasonableness of the President's orders. The commission, however, was required to give due consideration to the fact that the transportation systems were not in competition but were being operated as a unit. Furthermore, in passing upon the reasonableness of rates, the certification of the President that an increase in revenues was necessary to defray expenses of operation and to provide compensation to the carriers was to be taken into consideration as well as any recommendations made by the President.

The commission's authority was thus limited severely in the matter of rates. The power of the commission under Section 15 to suspend rates was taken away, and it was no longer necessary

that the carriers seek advance authority from the commission to advance rates. In specific complaints, however, the commission was practically unrestricted in rendering decisions after due hearing, and in several instances it decided against the Director General. But in cases which involved an entire schedule of rates where the basic issue was one of adequate revenue, the requirements of the law as to the findings and certificate of the Director General gave the commission slight opportunity for disapproval. Jurisdiction of the commission over rates not under government control and joint traffic between controlled and other railroads remained undisturbed, but this jurisdiction comprised a relatively negligible proportion of the total traffic.

In compliance with the Control Law, the commission prepared certifications of the average annual operating income of the carriers. Tentative certifications were prepared from reports rendered by the carriers to enable them to enter into the standard form of contract with the Director General of Railroads. Stipulations were inserted in the contracts to provide for conforming the just compensation specified therein to the corrected amounts to be certified finally by the commission. The corrected certifications resulted in a net reduction in the standard returns of \$1,252,026.95.

Under the provisions of Sections 3 and 6 of the Control Act and in response to petitions filed by railroad corporations and upon petition filed by the Director General, boards of referees were appointed by the commission to hear claims for just compensation not adjusted by agreement upon a contract. A member of the commission was appointed upon each board, and the remaining referees were named from the official force. In addition to the above, the commission and its staff was utilized by the Railroad Administration in an advisory and investigative capacity in many directions.

The work of the commission in the enforcement of the safety laws, in compiling and publishing statistics, in its legal investigation, etc., continued generally as before the period of control, with appropriate variations due to the changed conditions. Thus, for example, the work of the Bureau of Statistics was considerably increased by the statistical requirements of various officers of the

Railroad Administration and the necessity for preparing the computations underlying the certifications of average annual income. Violations of the Safety Appliance Acts occurring subsequent to December 28, 1917, on roads under government operation could no longer be filed with the various United States attorneys for prosecution. Instead, they were filed with the Director General, who attempted corrective measures as announced in his order No. 8 as follows:

Now that the railroads are in the possession and control of the government, it would be futile to impose fines for violations of said laws and orders upon the government, therefore, it will become the duty of the Director General in the enforcement of said laws and orders to impose punishments for willful and inexcusable violations thereof upon the person or persons responsible therefor, such punishment to be determined by the facts in each case.

As to the roads which were not under federal control, information of violations was transmitted to the several United States attorneys for prosecution as usual. The Bureau of Locomotive Inspection furnished monthly statements to the assistant director of operation of the Railroad Administration, showing in detail all defects representing violations of the laws and rules which are found in locomotives operating under the jurisdiction of the Director General of Railroads, and the locomotives were ordered out of service in accordance with the provisions of the law.

Return to Private Operation. After the signing of the armistice a complex and serious problem faced the country in the disposition of the railroads. The Senate Committee on Interstate Commerce requested the commission to designate one of its members to present at the hearings of the committee all available data bearing on the railroad situation in the United States. The commission then presented through one of its members, a statement drawn up in conference, outlining a legislative program for the readjustment of the carriers from war to peace conditions. In brief, this statement urged consideration of the transportation question "in a spirit as big and broad as are the interests to be affected thereby," and recommended that "whatever line of policy is determined upon the fundamental aim or purpose should

be to secure transportation systems that would be adequate for the nation's needs even in times of national stress or peril." It recommended that provision be made for (1) the prompt merger without friction, of all the carriers' lines, facilities, and organizations into a continental and unified system in time of stress or emergency, (2) merger within proper limits of the carriers' lines and facilities in such part and to such extent as might be necessary in the general public interest to meet the reasonable demands of domestic and foreign commerce, (3) limitation of construction to the necessities and convenience of the government and of the public and assuring construction to the point of those limitations, and (4) development and encouragement of inland waterways and coordination of rail and water transportation systems.

As to the plan of ownership and operation for the future, the commission stated its view that "with the adoption of appropriate provisions and safeguards for regulation under private ownership it would not be wise or best at this time to assume government ownership or operation of the railways of the country." A reasonable period of readjustment or preparation and reasonable notice of the date upon which return to private ownership was to take place was urged. Under the policy of private ownership and operation under governmental regulation, the following matters required legislative consideration:

1. Revision of limitation upon united or coöperative activities among common carriers by rail and by water.

2. Emancipation of railroad operation from financial dictation.

3. Regulation of the issuance of securities.

4. Establishment of a relationship between national and state authority which would eliminate the twilight zone of jurisdiction and under which a harmonious rate structure and adequate service could be secured, state and interstate.

5. Restrictions governing the treatment of competitive as compared with noncompetitive traffic.

6. The most efficient utilization of equipment and provision for distributing the burden of furnishing equipment on an equitable basis among the respective carriers.

7. A more liberal use of terminal facilities in the interest of proper movement of commerce.

8. Limitations within which common-carrier facilities and services might be furnished by shippers or receivers of freight.

In regard to rates the commission said, "the patrons of the transportation companies must pay rates that will yield revenues sufficient to justify rendering the quantity and character of service demanded. The charges should not be higher than those that will yield proper compensation for the service performed and appropriate return upon the property devoted to the public use." The above formal statement was supplemented by extensive oral testimony and statistical data. Subsequently similar information and explanatory statements were submitted to the House Committee on Interstate and Foreign Commerce.

After extended hearings and debate Congress made provision for the return of the railroads to their owners and for their future conduct by the Transportation Act of February 28, 1920 (41 Stat. L., 456). This law provided for termination of the President's powers under the Control Act, thus restoring the power of the commission over rates to the status prior to the passage of that act. The enlargement of the duties and powers of the commission resulting from the enactment of the law may be divided into two groups: The powers and duties relating to liquidation of government operation, and those relating to control of the carriers after return to their owners.

In regard to liquidation of matters relating to governmental operation, the commission was directed to ascertain as soon as practical after March 1, 1920, the deficits of the carriers during the period of government control, and to certify the amounts to the Secretary of the Treasury for reimbursement to the carriers. Jurisdiction was conferred upon the commission to hear and decide all complaints praying for reparation on account of damage claimed to have been caused by reason of the collection or enforcement by the President during the period of government control, of unjust, unreasonable, or unjustly discriminatory rates, charges, classifications, practices, etc., in violation of the Interstate Commerce Act. The rates, practices, classifications, etc., in effect on February 29, 1920 were to remain in force until changed by state or national authority, but prior to September 1, 1920, no change was to be made except upon approval of the commission. In determination of the guaranty to the carriers after termination of control, maintenance expenses were to be fixed by the commission, which was also to make correction for dis-

proportionate or unreasonable charges to the period involved and to certify to the Secretary of the Treasury, as soon as practicable after the expiration of the guaranty period, the several amounts necessary to make good the guaranty to each carrier. The commission, upon application of any carrier, was also empowered to certify to the Secretary the amount of advance during the guaranty period that should be granted to a carrier from time to time to enable it to meet its fixed charges and operating expenses, such amounts not to exceed the amount estimated to be necessary to make good the guaranty. Similar duties were imposed upon the commission in determining the guaranty to the American Railway Express Company. The commission was empowered to certify to the Secretary of the Treasury its findings of fact and recommendations, after hearing and investigation, as to the desirability of granting loans requested by carriers from the United States to enable them to serve the public properly during the transition period immediately following the termination of control.

In regard to the extension of the commission's powers under private operation, the most significant feature of the law was the dominance of the constructive spirit, in harmony with the commission's recommendations. Thus the commission was directed to prescribe such rates as would yield a *fair* return on the aggregate value of the property used in the service of transportation.

Important powers were conferred upon the commission to control the financial operations of the carriers, which were prohibited from issuing securities or from assuming obligations or liabilities in respect to securities of others except after authorization by the commission under conditions prescribed in the law.

As to rates the most significant innovation aside from the general policy referred to, was in the authorization granted the commission to fix minimum as well as maximum rates. A period of 150 days was fixed as the maximum time during which the commission could suspend the operation of proposed schedules, and it was provided that if the proceedings upon suspension were not concluded within that time, the proposed schedule should go into effect, but the commission could require the carriers to keep account in detail of all amounts received by reason of increases in such rates and charges and, if the decision of the commission were adverse, it could require the carrier or carriers to

refund with interest such portions of such increased rates or charges as by its decision should be found unjustified.

To remove the "twilight zone" between state and national regulation, the commission was authorized to prescribe the rates, classifications, regulations, and practices to be substituted for any made by authority of a state when, after hearing, it found them to be unjustly discriminatory against interstate or foreign commerce. Modifications were made in the long-and-short-haul clause, which only enacted into law certain practices long since adopted by the commission in the administration of that section of the Interstate Commerce Act. The commission was authorized under certain conditions to draw up rules and regulations to permit the pooling of freights of different and competing railroads, to divide the aggregate or net proceeds of the earnings of such railroads, and to permit the acquisition by one carrier of the control of another carrier in any manner not involving the consolidation of such carriers into a single system for ownership and operation.

More extensive jurisdiction than in the act of May 29, 1917, was given to the commission over the use, control, supply, movement, distribution, exchange, interchange, and return of locomotives, cars, and other vehicles, including special types of equipment and the supply of trains.

In matters relating to safety, a notable advance was made in the provision permitting the commission, after investigation, to require carriers to install automatic train-stop or train-control devices or other safety devices in compliance with specifications upon the whole or any part of the carrier's railroad. It was stipulated, however, that any order made by the commission should be issued and published at least two years before the date indicated for its fulfillment.

A unique feature of the new law was the creation of the Railroad Labor Board to hear and decide labor disputes unsettled in the manner otherwise provided in the law. The commission's modest yet pivotal rôle in this field of activity was to draw up regulations under which the labor group and the management group were each to nominate six or more nominees, from which lists the President, with the concurrence of the Senate, was to appoint three members, representing each group.

The Transportation Act of 1920 increased the membership of the commission to eleven. This addition to the number of Commissioners as well as the changes in duties under the new law necessitated a reorganization of the administrative machinery. The members of the commission were grouped into five divisions numbered consecutively one to five, each division to consist of three members except Division 4, which was composed of four members. The chairman of each division was required by law to be its senior in service. In addition to the monthly rotation of Divisions 1, 2, and 3 for the purpose of hearing argument in and determining such cases as were not reserved for consideration by the full commission (the arrangement previously in effect), each division was assigned various special duties. Reservation was made for consideration and disposition by the full commission of all general investigations heretofore entered upon or hereafter to be instituted; also applications for rehearing, reargument, and other consideration, and certain other specially enumerated cases. The administrative force of the commission was also reorganized in the interests of simplicity and centralized responsibility.

It was necessary to establish several new bureaus to assist the commission in administering various paragraphs of the 1920 act. A Bureau of Finance was created for the purpose of administering sections of the law relating principally to issuance of certificates of public convenience and necessity, issuance of securities, recovery of excess net railroad operating income, and acquisition of control by one carrier of another carrier, and loans to carriers during the transition period. A Bureau of Traffic was established, into which were consolidated various boards, sections, and divisions which had dealt with publication and filing of tariffs, the suspension of rates pending investigation, applications for relief from Section 4 of the act, classification of freight, express charges, and, in general, all matters affecting charges for transportation aside from formal docket proceedings and informal complaints handled by the Bureau of Informal Cases. The Bureau of Service was organized to execute duties imposed on the commission by Paragraphs (10) to (17) of Section 1 of the Interstate Commerce Act, as amended by the Transportation Act, relating chiefly to car service and operating efficiency.

In attempting the execution of the provisions of the Transportation Act, the commission found itself confronted with certain problems, for the solution of which it recommended amendments to the act. It reported that immediate payment by the Treasury to some of the carriers of amounts or parts of the amounts, due them under the guaranty provisions of the 1920 act, was essential to enable them to meet their operating expenses, fixed charges, and other obligations; but that the Comptroller of the Treasury had ruled that payments could not be made upon the commission's certifications for amounts definitely ascertained to be due the carriers under Subdivision (g) of Section 209 unless such certifications were final, and he ruled that only one final certificate could be issued to any carrier. For this reason, the commission recommended that provision be made by Congress "to authorize and require certification and payment of partial amounts under Sections 204 and 209 (g) of the Transportation Act, 1920, and to authorize the making of a reasonable estimate of the net effect of deferred debits and credits to railway operating income, and the use of the resulting amount, when agreed to by the carrier, in making final certification of the guaranty under 209 (g)." Congress complied with these recommendations by addition of Section 212 to the act (Act of February 26, 1921, 41 Stat. L., 1145).

The commission in 1920 also called attention to the need for strict regulation under statutory authority of the transportation of dangerous articles other than explosives. While such regulations had been promulgated under Section 15 of the act, as described above, they were ineffective because of the lack of penalty. It was recommended, therefore, that suitable legislation be enacted, that the act of March 4, 1909, be amended to include certain explosives not definitely named in the act, and that its provisions be extended to water lines engaged in interstate commerce. These recommendations were carried into effect by the act of March 4, 1921 (41 Stat. L., 1444).

Several laws were enacted, in addition to those enacted at the recommendation of the commission, during 1920-1921. Section 8 of the Merchant Marine Act⁷⁰ directs the U. S. Shipping

⁷⁰ Act of June 5, 1920 (41 Stat. L., 988).

Board to make certain investigations relating to development of transportation facilities by water, and authorizes it to submit its findings as to detrimental effects of rates, charges, rules or regulations of common carriers by rail, to the Interstate Commerce Commission for such action as the commission may deem proper under existing law. Section 28 of the same act authorizes the commission, upon certification of the Shipping Board to suspend and resume operation of the provision of the section, prohibiting a lower rate for transportation within the United States of persons or property in foreign commerce than is charged for like transportation in domestic commerce, unless the water transportation from or to the port of export or import shall have been or is to be in a vessel documented under the laws of the United States. The act of June 5, 1920 (41 Stat. L., 946), besides amending Section 210 of the Transportation Act of 1920, relating to loans to railroads, authorized the commission to make loans for equipment to or through such organization, car trust, or other agency as it might determine upon, approve, or organize, as most appropriate in the public interest, under the provisions of the act.

By act of June 10, 1921 (42 Stat. L., 27), Paragraph (9) was added to Section 407 of the Transportation Act, permitting telephone companies to make application to the commission for certification that the consolidation of their properties into a single system under the ownership of a consolidated company, to be subject to the Interstate Commerce Act, would be to the advantage of those persons to whom service was to be rendered and in the public interest.

The development of the commission's powers from the passage of the first law in 1887 to the close of 1921 has been described. A wave of restrictive legislation, which may be said to have reached its crest in the Mann-Elkins Act of 1910, rendered the commission an administrative agency equipped with great powers. Yet the period of positive legislation which followed, culminating in the Transportation Act and its amendments, has added so extensively to the commission's powers that some years must yet elapse before full realization is possible even of the significance of the steps which have been taken. It is thus too soon to treat properly the work of the commission under the new legislation or to assign

it a definite position in the evolutionary development given in the foregoing pages. For a critical analysis of the commission's operations under the Transportation Act thus far and the basic elements of the present railroad problem, the reader is referred to recent publications by specialists in this field.⁷¹

⁷¹See Sharfman, American railroad problem (1921), and Dixon, Railroads and government (1922).

CHAPTER II

ACTIVITIES

The history of the Interstate Commerce Commission, indicates that there were three main currents of legislation in consequence of which activities devolved upon the commission. Under the primary legislation (the Interstate Commerce Act and all subsequent amendments except many of those added by the Transportation Act of 1920), the commission's central function is the establishment and maintenance of reasonable and just transportation facilities, rates, classifications, regulations, and practices. Under the safety acts the function of the commission is obviously the provision for safety of employees, passengers, and property. Each of the above classes of legislation make it also a function of the commission to recommend to Congress legislation to effect the ends sought. Finally, the Transportation Act of 1920, besides modifying and enlarging the functions already assigned under the preceding laws, renders the commission to a large extent a board of directors of the carriers which are conceived for certain purposes of regulation as one great combined system under centralized ownership and control, and it is made the function of this board to determine in which directions and for what purposes certain expenditures shall be made, the amount of such expenditures, how certain funds shall be raised, etc. This act also assigned to the commission various duties relating to the liquidation of war time federal operation.

In attempting to perform each of these functions, the commission has become involved in activities of an administrative nature as well as legislative or quasi-legislative and judicial or quasi-judicial activities, which are frequently so inextricably woven together that easy and precise segregation for purposes of classification is difficult. Thus, for example, an activity primarily of an administrative nature often involves quasi-legislative duties and processes of a quasi-judicial nature, and can only with some difficulty be placed in any one of these three categories. In the follow-

ing analysis of the commission's activities, the requirements of organic unity and functional actuality have been sacrificed at times in the interests of logical presentation and convenience of exposition. The manner in which the commission actually conducts its activities is set forth in the chapter on "Organization."

Jurisdiction. The Interstate Commerce Act as amended applies to common carriers engaged in

The transportation of passengers or property wholly by railroad, or partly by railroad and partly by water when both are used under a common control, management, or arrangement for a continuous carriage or shipment; or

The transportation of oil or other commodity, except water and except natural or artificial gas, by pipe line, or partly by pipe line and partly by railroad or by water; or

The transmission of intelligence by wire or wireless: from one state or territory of the United States, or the District of Columbia, to any other state or territory of the United States, or the District of Columbia, or from one place in a territory to another place in the same territory, or from any place in the United States through a foreign country to any other place in the United States, or from or to any place in the United States to or from a foreign country, but only in so far as such transportation or transmission takes place within the United States.

The terms "common carrier," "railroad," "transportation" and "transmission" are thus defined in Paragraph (3) of Section 1 of the act:

The term "common carrier" as used in this act shall include all pipe-line companies; telegraph, telephone, and cable companies operating by wire or wireless; express companies; sleeping-car companies; and all persons, natural or artificial, engaged in such transportation or transmission as aforesaid as common carriers for hire. Wherever the word "carrier" is used in this act it shall be held to mean "common carrier." The term "railroad" as used in this act shall include all bridges, car floats, lighters, and ferries used by or operated in connection with any railroad, and also all the road in use by any common carrier operating a railroad, whether owned or operated under a contract, agreement, or lease, and also all switches, spurs, tracks, terminals, and terminal facilities of every kind used or necessary in the transportation of the persons or property designated herein, including all freight

depots, yards, and grounds, used or necessary in the transportation or delivery of any such property. The term "transportation" as used in this act shall include locomotives, cars, and other vehicles, vessels, and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof, and all services in connection with the receipt, delivery, elevation, and transfer in transit, ventilation, refrigeration or icing, storage, and handling of property transported. The term "transmission" as used in this act shall include the transmission of intelligence through the application of electrical energy or other use of electricity, whether by means of wire, cable, radio apparatus, or other wire or wireless conductors or appliances, and all instrumentalities and facilities for and services in connection with the receipt, forwarding, and delivery of messages, communications, or other intelligence so transmitted, hereinafter also collectively called messages.

The provisions of the act apply not only to the above agencies, themselves, but also to *transportation* by them of passengers and property and transmission of intelligence, in so far as such transportation or transmission takes place within the United States. Three exceptions are enumerated in Paragraph (2) of Section 1 to this general statement. The act does not apply

To the transportation of passengers or property, or to the receiving, delivering, storage, or handling of property, wholly within one state and not shipped to or from a foreign country from or to any place in the United States as aforesaid;

To the transmission of intelligence by wire or wireless wholly within one state and not transmitted to or from a foreign country from or to any place in the United States as aforesaid; or

To the transportation of passengers or property by a carrier by water where such transportation would not be subject to the provisions of this act except for the fact that such carrier absorbs, out of its port-to-port water rates or out of its proportional through rates, any switching, terminal, lighterage, car rental, trackage, handling, or other charges by a rail carrier for services within the switching, drayage, lighterage, or corporate limits of a port terminal or district.

A geographical exception to the provisions of the act was established by the act of March 2, 1917 (39 Stat. L., 964), which provided a civil government for Porto Rico. By this act, the Interstate Commerce Act and its amendments, the Safety Appliance

Acts, etc., were all rendered inapplicable to this insular possession of the United States.

The above general provisions are modified further by the application of particular sections of the act and by various other laws affecting the commission's powers and duties. These exceptions are given in their proper connections below.

Section 12 of the act renders the commission the administrative agency for execution of its provisions. Authority is there granted to it to inquire into the management of the business of all common carriers subject to the provisions of the law and to keep itself informed as to the manner and method in which such business is conducted. It is "authorized and required" to "execute and enforce" the provisions of the act, and it is granted the right to secure from the carriers full and complete information necessary to enable it to perform the duties and carry out the objects for which it was created. Upon its request, it is the duty of any district attorney to whom it applies to institute in the proper court and to prosecute under the direction of the Attorney General of the United States, all necessary proceedings for the enforcement of the provisions of the act and for the punishment of all violations thereof, the costs and expenses of such prosecution to be paid out of the appropriation for the expenses of the courts of the United States. In case the commission determines that any complainant is entitled to an award of damages for violation of the law, it is required to make an order directing the carrier to pay the sum to which the complainant is entitled on or before a stated date. If the carrier does not comply within the time limit, the complainant may have recourse to a United States circuit court, and the findings of the commission are to be treated by the courts as *prima facie* evidence of the facts involved in the case. Furthermore, the circuit and district courts of the United States upon the application of the Attorney General of the United States at the request of the commission, may issue writs of mandamus commanding common carriers to comply with the provisions of the law.

The commission may act to anticipate infraction of certain clauses of the law. It may cause any court of competent jurisdiction to issue an injunction against unauthorized construction, abandonment, or operation of line for which a certificate of con-

venience and necessity from the commission is prerequisite. The reason for the exceptional remedy in this case is apparent. The commission has power "to require, by subpoena, the attendance and testimony of witnesses and the production of all books, papers, tariffs, contracts, agreements, and documents relating to any matter under investigation . . . in case of disobedience to a subpoena the commission, or any party to a proceeding before the commission, may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this section."

Liquidation of Government Operation Matters. Section 202 of the Transportation Act provides that "the President shall, as soon as practicable after the termination of federal control, adjust, settle, liquidate, and wind up all matters, including compensation, and all questions and disputes of whatsoever nature, arising out of or incident to federal control." In the attainment of this objective, the commission has the pivotal position.

Certification of Standard Return. Under the Control Act, every carrier under government operation was guaranteed during the period of such operation an annual sum "not exceeding a sum equivalent as nearly as may be to its average annual railway operating income for the three years ended June thirtieth, nineteen hundred and seventeen." It was provided that the commission should ascertain this average annual operating income, and its certification was to be taken as conclusive. By October 31, 1921, the commission had certified in tentative form the average annual railroad operating income of 588 carriers, amounting in the aggregate to \$945,428,123.54. Since these tentative certifications have been made from the reports of the carriers as rendered to the commission, it is necessary to review the carriers' accounts to determine whether the certifications have been computed in accordance with the commission's accounting regulations. Various other corrections are being made from time to time and corrected certifications are issued when warranted. During the year from November 1, 1920 to October 31, 1921, three tentative certifications and 137 corrected certifications were made and nineteen tentative certificates were determined to have been computed in accordance with commission's accounting regulations.

Adjustment of Claims. Under Sections 3 and 6 of the Control Act the commission has appointed boards of referees to adjust the claims of the carriers for compensation not adjusted by the method of standard contract and to ascertain the losses sustained by carriers in making additions, betterments, or extensions ordered by the President during the war. These boards, composed of members of the commission and its official staff, are authorized to summon witnesses, require the production of records, books, correspondence, documents, memoranda, and other papers, view properties, administer oaths, and hold hearings in Washington and elsewhere. Four reports have been made by these boards to the President, six cases were dismissed at the request of claimants, and two cases were dismissed because of lack of jurisdiction. On October 31, 1921, fifty-three cases brought under these provisions of the act were pending.

Reimbursements of Deficits of Carriers not under Government Control. Under Section 204 of the Transportation Act, the commission is required to determine the amounts for reimbursements of deficits in operating income due carriers which were not under government control but which connected with or competed with carriers which were under control. After final audit of the carriers' accounts, certifications are made to the Secretary of the Treasury for payment of amounts due from the United States. Partial payments on these accounts was provided for by amendment of February 26, 1921.

The commission has encountered differences of interpretation of the term "deficit" as used in the law. Its construction has been to limit the application of Section 204 to carriers which, in the portion of the period of control during which they operated their own lines, sustained actual deficits in railroad operating income without reference to the results for any other period and to limit the extent to which such deficits may be reimbursed to the amounts remaining after the adjustments specified in Paragraphs (1) to (5) of Subdivision (f) of Section 209. Many of the carriers have contended that the word "deficit" as employed in this section of the act means a decrease in railroad operating income for the control period as compared with that of the test period. Ninety-three claims out of 279 filed with the commission for reimbursement of these deficits fall without the commission's

construction of the law. The following table from the 1921 report of the commission shows the status of the certifications under this section of the act:

Status	Amounts payable under paragraphs (f) and (g)	Deduction	Net payments
Certified:			
Final settlements (20 carriers)	\$992,529.48	\$230,879.67	\$761,649.81
Partial payments	2,177,651.41	820,345.84	1,357,305.57
	3,170,180.89	1,051,225.51	2,118,955.38
Remaining to be certified..	^a 7,909,618.95	^a 3,203,062.19	^a 4,706,556.76
Total	^a \$11,079,799.84	^a \$4,254,287.70	^a \$6,825,512.14

^a Estimated.

Elimination of Discriminations. In consequence of the horizontal rate increases made by the Director General of Railroads during the period of government operation, "all existing rates, fares, and charges that were higher for shorter than for longer hauls over the same line or route in the same direction, the shorter being included in the longer, were subjected to greater increases in specific amounts than the lower rates for longer hauls." In certain instances discriminations under the fourth section were created and violations occurred without the permission of the commission. It was therefore necessary for the commission to authorize continuance of such rates, fares, and charges until January 1, 1921, and wherever applications had been filed by carriers to cover such rates, authorization for continuance was necessary until the commission could pass upon such applications. The limiting date was deferred subsequently to March 1, 1921, for departures as to charges and rates for transportation of property and to March 1, June 1, and December 1, 1921, respectively, as to certain classes of passenger fares and charges. The commission reported on December 1, 1921 that carriers had generally removed departures originating in the federal control period but that there were a few instances where it had been physically impossible to comply with the commission's orders by the time designated. Many of the applications for relief from the fourth section during the year November 1, 1920-October 31, 1921, however, were filed to cover departures created during the federal control period.

Calculation of Six Months' Guaranty of Income. Under Section 209 of the Transportation Act the commission is authorized to ascertain and certify to the Secretary of the Treasury the amounts due the carriers in making good the guaranty for the six months following government control of an operating income equal to one-half the average income for the three-year period ended June 30, 1917. In making the computations the commission is directed to fix the maximum allowance for maintenance of way, structures, and equipment, and to make proper corrections for disproportionate or unreasonable allocation to the guaranty period of charges for operating expenses and revenues. Upon the application of a carrier, the commission is authorized to certify to the Secretary of the Treasury, the amounts of and times at which advances should be made out of the guaranty fund, in order to permit the carrier to meet fixed charges and operating expenses pending the final adjustment of accounts.

By amendment of February 26, 1921, referred to above, partial payments under Section 209 were authorized and, in case of deferred debits and credits to railroad operating income, permission was given the commission to make a reasonable estimate where definite determination was at that time impossible. The following table shows the amount of the certifications made to October 31, 1921, under this section of the law:

As advances under Section 209 (h)	\$263,935,874.00
As partial payments under Section 209 (g) as amended by Section 212	165,862,775.05
In final settlement under Section 209 (g)	721,658.32
Total	\$430,520,307.37

This leaves an estimated amount still payable to the carriers under Section 209 of about \$105,500,000.

Certification of Loans. Under Section 210, Paragraph (b) as amended by Section 5 of the act of June 5, 1920, as noted above, the commission is authorized, after hearing and investigation, to pass upon carriers' applications for loans from the \$300,000,000 revolving fund set up to enable them to serve the public during the transition period immediately following government control. Such applications may be made by carriers at any time before the expiration of two years after termination of government control and may be granted to meet maturing indebtedness or to acquire

equipment or to make other additions and betterments. These loans are being certified as rapidly as the carriers complete their applications which enable the commission

from the record to make the findings required by the statute, namely, that the loan is necessary to enable the applicant properly to meet the transportation needs of the public, that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with the loan, and reasonable protection to the United States, and that the applicant is unable to secure the necessary funds from other sources.

The commission has prescribed a form for the application for such loans and a tentative apportionment has been made of the revolving fund as follows:

To aid in the acquisition of freight cars.....	\$75,000,000
To aid in the acquisition of freight and switching locomotives.....	50,000,000
To aid in the making of additions and betterments to promote the movement of freight-train cars	73,000,000
To aid in the meeting of maturing indebtedness.....	50,000,000
Appropriation for short-line railroads.....	12,000,000
Temporary reserve for claims and judgments against the United States arising out of federal control.....	40,000,000
Total	<u>\$300,000,000</u>

The status of this revolving fund on October 31, 1921, was as follows:

Appropriation	\$300,000,000
Accrued interest and repayments to October 1, 1921 (ap- proximate)	27,525,000
Total	<u>\$327,525,000</u>
Tentatively reserved for claims, judgments, etc., arising out of federal control	40,000,000
Balance available for loans	<u>\$287,525,000</u>
Total loans certified	263,407,717
Uncertified balance	<u>\$24,117,283</u>
Tentative approvals and commitments	14,013,500
Unencumbered balance	<u>\$10,103,783</u>

The Commission as a Board of Directors of a National System. the Transportation Act added certain activities unlike those usually possessed by an administrative commission. The duties thus imposed upon the commission appear anomalous until it is realized that Congress in the legislation of 1920 has adopted the view that the ability of the carriers to meet the requirements of the country's commerce, and to serve the public necessitates utilization of the facilities and equipment of the carriers as parts of a single system rather than as strictly competitive units. This view is inconsonant with the spirit of the original act. To harmonize the old with the new policy, the legislation of 1920 preserved the competitive units of the nation's transportation system in their autonomies but empowered the commission to act as the correlating and harmonizing agent. As has already been observed, the effect of this has been to render the commission in some of its activities virtually a board of directors for what is conceived to be a unified transportation system. This plan aimed to preserve the benefits of private operation and competition while securing the beneficent results of a certain measure of coöperation and pooling of resources.

Consolidation of Railroads into Systems. The commission is engaged in the preparation of a plan of consolidation of the railroads of the continental United States into a limited number of systems. The law provides that in the execution of this consolidation "competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained." The several systems subject to this qualification are to be so arranged "that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties." Following the commission's preparation of a tentative plan, hearings are to be held in accordance with such procedure as it may adopt, when all persons who wish to file or present objections to the plan, may be heard. Upon completion of the hearings the commission

is authorized to adopt and publish its plan for consolidation, thereafter to be modified at its discretion as the public interest demands.¹ The consolidations of two or more carriers is made lawful if in harmony with the commission's plan and if approved by it.

The law also provides for the authorization by the commission of control by one carrier of another, "both engaged in transportation of passengers or property subject to the act, under such conditions as may be found just and reasonable and which do not involve the consolidation of such carriers into a single system for ownership and operation."

The commission instituted an investigation on May 11, 1920, to carry out the intent of these provisions of the law. After a report had been prepared by Prof. W. Z. Ripley of Harvard University, whom the commission had employed to make a preliminary study of the problem, the commission agreed upon a tentative plan on August 3, 1921.² In accordance with the provisions of the law, due publicity is being given to the plan and after a reasonable time has elapsed for preparation by the parties interested, hearings will be held and a full record obtained upon basis of which a final plan can be adopted.

Correlation of Rail and Water Routes. When property is transported in the United States by common carrier from point to point not entirely within the limits of a single state by rail and water, the commission may establish physical connections between rail lines and the dock at which passengers or property are interchanged, and it has full authority to determine the terms of construction and operation of the connections to be made and to allocate the costs to the respective carriers concerned. It may establish through routes and maximum joint rates for such rail and water traffic and determine the terms and conditions under which such lines shall handle the traffic. It may perform similar services in connection with through rail and water arrangements from the United States into a foreign country made by carriers.

¹Such carriers and any corporation organized to effect such consolidation are relieved from the operation of the anti-trust laws and of all other restraints or prohibitions by law, state or national, in so far as may be necessary to enable them to do anything authorized or required by any order made by the commission.

²This plan has been published as "Consolidation of Railroads," 63 I. C. C. 455.

In this connection should be mentioned also the work of the commission in providing for the publication of rates and schedules of sailings and routes of common carriers by water in foreign commerce and the dissemination of this information to those interested in export trade. The commission may further prescribe the regulations governing the conditions under which these carriers by water are to make reservation of space at the request of a railroad carrier, and it may prescribe the form of a through bill of lading for such joint rail and water traffic. In all of these activities the aim is to correlate the facilities of the various rail and water carriers under government jurisdiction so as to serve the public most expeditiously and conveniently.

Pooling of Facilities and Equipment. Whenever the commission finds that any railroad carrier under its jurisdiction is unable to transport the traffic offered to it as the interest of the public demands, it may make such arrangements as it deems desirable for the handling, routing, and movement of the traffic over other lines upon such terms between the carriers as they may agree upon, or, in case of disagreement, upon such terms as the commission, after hearing, may find just and reasonable. Furthermore, in the event the commission finds

that shortage of equipment, congestion of traffic, or other emergency requiring immediate action exists in any section of the country it may, with or without complaint, answer, hearing, or report suspend the rules, regulations, and practices of carriers with respect to car service, and (1) Give just and reasonable directions with respect to car service without regard to ownership as between the carriers; (2) require the joint or common use of terminals, including main-line tracks; (3) give directions for preference or priority in transportation, embargoes, or movement of traffic under permits, at such time and for such periods as it may determine; and (4) give such just and reasonable directions with respect to the handling, routing, and movement of traffic of carriers by railroad as in its opinion will best promote the service in the interest of the public and the commerce of the people, and upon such terms as between the carriers as they may agree upon or, in the event of their disagreement, as the commission may, after subsequent hearing, find to be just and reasonable.

The first occasion for the exercise of some of these emergency powers came in 1920. On May 15, 1920, an informal petition was

filed by the principal rail carriers calling upon the commission to exercise its emergency powers with respect to establishment of priority and preference in movement of necessary food, fuel, and other vital commodities; relocation of empty equipment, necessary postponement and delay of loading or movement of other less important commodities; and reduction of existing passenger service as far as necessary. The commission, acting upon this petition and upon information as to conditions already in its possession, entered service orders Nos. 1, 2, and 3 on May 20, 1920, and from time to time, subsequent thereto, other such orders, aimed to meet the emergency. These service orders were cancelled as the emergency conditions which led to their issuance passed.

Division of Joint Rates. Under Paragraph (6) of Section 15 of the act, the commission is empowered to prescribe just, reasonable, and equitable divisions among carriers of joint rates, fares, or charges; applicable to the transportation of passengers and property, whenever, after full hearing, it is of the opinion that the existing divisions are or will be unjust, unreasonable, or unduly preferential or prejudicial as between the participating carriers. In prescribing such divisions, the commission must give due consideration,

among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation, and the importance to the public of the transportation services of such carriers and also whether any particular participating carrier is an originating, intermediate, or delivering line, and any other fact or circumstance which would ordinarily, without regard to the mileage haul, entitle one carrier to a greater or less proportion than another carrier of the joint rate, fare or charge.

Pooling of Freights and Division of Earnings. Paragraph (1) of Section 5 of the act renders it unlawful for any common carrier subject to the act to enter into any contract, agreement, or combination with any other common carrier or carriers for the pooling of freights of different and competing railroads or to divide between them the aggregate or net proceeds of the earnings of

such railroads, in whole or in part. The commission is empowered, however, after hearing upon application of any carrier or carriers, to approve and authorize such division of traffic or earnings, if assented to by all the carriers involved, upon such terms and conditions as it finds just and reasonable, whenever it finds that such a division will be in the interests of better services to the public or economy in operation, and will not unduly restrain competition.

Control of Extensions or Abandonments of Line. The commission has authority to issue certificates of public convenience and necessity to carriers after application and hearing to permit them to extend existing lines, to construct new lines, to acquire and operate any line of railroad or its extension, to engage in transportation under the Interstate Commerce Act over and by means of such additional or extended line of railroad, or to abandon all or any portion of a line of railroad or its operation. This places in the hands of the commission power to direct the future development of the nation's railroad system.

During the year ended October 31, 1921, seventy-nine applications for certificates of public convenience and necessity were filed under the provisions of Paragraphs (18) to (22) of Section 1 of the Interstate Commerce Act. Fifty-one certificates have been issued, and ten applications have been withdrawn. Of the total number of applications filed, thirty-nine were for permission to construct new lines of railroads or to extend existing lines, and forty were for permission to abandon lines of road.

Maintenance of General Railroad Contingent Fund. The commission is directed by law to recover from the carriers one-half of the annual net operating income received by any carrier for any year in excess of 6 per cent of the value of the railroad property held for and used by it in the service of transportation and to establish and maintain with the funds thus recovered, a general railroad contingent revolving fund, to be used in furtherance of the public interest in railway transportation either by making loans to carriers to meet expenditures for capital account or to refund maturing securities originally issued for capital account or by purchasing transportation equipment and facilities and leasing the

same to carriers,³ but Paragraph (18) of Section 15a allows the commission to permit for a period not to exceed ten years "the retention of all or any part of the excess earnings derived from the construction and operation of a new line of railroad for such disposition as the carrier may lawfully make of such earnings." This section of the law thus provides practically for a pooling of certain profits of the railroads, and constitutes the government a holding corporation for the carriers, with the commissioners as directors to decide how these funds are to be expended by constituent units of the holding corporation.

Forms of questionnaire and return, and rules and regulations for determination and recovery of excess net income under this section of the law are being prepared.

Maintenance of Just and Reasonable Rates, Facilities, Classifications, Practices, etc. The Interstate Commerce Act prescribes certain standards for the carriers under national jurisdiction and lays down certain prohibitions in the fixing of rates, in providing facilities for transportation of persons and property, in the transmission of intelligence, in classification of property and messages, etc. The commission is designated the administrative agent for the enforcement of the provisions of the law in these matters. In the process of enforcement, the commission performs quasi-legislative activities in preparing rules and regulations having the force of law to govern the operations of the carriers in conformity with the requirements of the act, and it also has quasi-judicial activities in hearing and deciding issues arising under the law itself and such rules and regulations as the commission has established in attempting the enforcement of the law.

Securing Compliance with Standards Prescribed for Carriers. Almost invariably the adjectives used in the law, defining such standards, are the words "just," "reasonable," "equitable," or

³ To this end the commission is authorized "from time to time to purchase, contract for the construction, repair and replacement of, and sell, equipment and facilities, and enter into and carry out contracts and other obligations in connection therewith, to the extent that moneys included in the general railroad contingent fund are available therefor, and in so far as necessary to enable it to secure and supply equipment and facilities to carriers whose applications therefor are approved under the provisions of this section, and to maintain and dispose of such equipment and facilities."

some combination of them. The commission is designated the administrative agent for securing compliance by the carriers with these standards of which the following are the most important :

(1) Providing transportation and service.

Every carrier subject to the act is required "to provide and furnish" transportation upon reasonable request therefor, to furnish safe and adequate car service and to "establish, observe and enforce," just and reasonable rules, regulations, and practices with respect to car service; and to make just and reasonable distribution of cars for transportation of coal among the mines served by it. It is made the duty of the carrier, during a period of coal car shortage, "to maintain and supply just and reasonable ratings of such mines and to count each and every car furnished to or used by any such mine or transportation of coal against the mine."

Paragraph 5 of Section 15 stipulates the standards for transportation wholly by railroad of ordinary live stock in carload lots destined to or received at public stock yards. Such service must include all necessary service of unloading and reloading enroute, delivery at public stock yards of inbound shipments into suitable pens, etc.

Paragraph 9 of Section 1 provides for construction, maintenance and operation by carriers of switch connections, upon reasonable terms, upon application of any lateral branch line of railroad or of any shipper tendering interstate traffic.

(2) Establishing through routes.

The carriers must establish through routes, provide reasonable facilities for operating them, establish just and reasonable rates, fares, and charges to be applied thereto, and make reasonable rules and regulations for such operation, provide for reasonable compensation to those entitled thereto, and establish such just, reasonable, and equitable divisions of joint fares, rates or charges, as between the carriers participating in such through service, as will not unduly prefer or prejudice any of the participating carriers.

(3) Charges for service.

All charges made for any service rendered in transportation of passengers or property or transmission of intelligence by wire or wireless must be just and reasonable.

(4) Classification and practices.

Just and reasonable classifications of property for transportation must be "established, observed, and enforced" by the carriers as well as just and reasonable regulations and practices affecting classifications; rates or tariffs; the issuance, form and substance of tickets, receipts, and bills of lading;

the manner and method of presenting, marking, packing, and delivering property for transportation; etc.

(5) Publicity as to rates, fares, charges, etc.

Carriers subject to the act must file with the commission, print, and keep for public inspection, schedules showing all the rates, fares, and charges for transportation not only between points on its own route but also between points on its own route and points on the route of any other carrier with which a through route and joint rates have been established. A carrier must furnish a written statement, upon request made of its agent, for a written statement of a rate or charge applicable to a described shipment between stated points. Refusal or misstatement of rates in such a case, if resulting in damage to a shipper, subjects the carrier to a penalty.

Enforcement of the Prohibitions of the Law. Not only is the commission directed to secure compliance by the carriers with these standards but it must also enforce certain prohibitions enumerated in the act as follows:

(1) Free passes and free transportation.

Carriers are prohibited from the issuance, directly or indirectly of any interstate free ticket, pass, or transportation except as specifically permitted in Paragraph (7) of Section 1 of the law.

(2) Discriminations and preferences.*

Unjust discrimination is defined in Section 2 of the act as the charge, demand, collection, or receipt from any person or persons by special rate, rebate, drawback, or other device, directly or indirectly, of a greater or less compensation for any service than is charged, demanded, collected, or received from any other person for performing a "like and contemporaneous service under substantially similar circumstances and conditions." Such unjust discrimination is prohibited.

Section 3 prohibits making or giving "any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, locality, or any particular description of traffic in any respect whatsoever."

To prevent discrimination in extension of credit, the act prohibits a carrier by railroad from delivering freight until the charges thereon have been paid, except under such rules

*Under this heading may be included the prohibition in the "Commodities Clause."

and regulations as the commission may prescribe from time to time.

- (3) "Long-and-short-haul" and "Aggregate-of-intermediates" clause.

Section 4 renders it unlawful for a carrier to charge or receive any greater compensation in the aggregate for transportation over a shorter than for a longer distance, over the same line or route in the same direction, the shorter being included within the longer distance; or to charge any greater compensation for a through rate than the aggregate of the intermediate rates. The commission, however, under certain conditions, is authorized to grant carriers relief from the operation of this section of the law.

- (4) Rail and water competition.

Rates originally reduced by carriers to meet water competition may not be raised again until the commission, after hearing, finds that the proposed increase rests upon changed conditions other than the elimination of water competition.

- (5) Changes in rates, fares, charges, etc.

Paragraph (3) of Section 6 prohibits carriers from making any change in rates, fares, and charges which have been filed and published by any common carrier, as required by this section, except after thirty days' notice to the commission and to the public. The commission may, in its discretion and for good cause, modify these requirements of this section of the law.

Paragraph (7) of Section 6 prohibits carriers from engaging or participating in transportation of passengers or property unless their rates, fares, and charges have been filed and published in accordance with the provisions of the law. Furthermore, departure from the published rates, directly, or indirectly in the form of refunds or extension of special facilities or privileges, is prohibited.

- (6) Continuous carriage of freight.

Section 7 renders it unlawful for a carrier to enter into any combination, contract, or agreement to prevent continuous shipment of freight from place of shipment to place of destination, through various devices such as change of time schedule, carriage in different cars, etc., and freight carriage is to be treated as continuous unless stoppage is made "in good faith for some necessary purpose."

Not all provisions of the law are directed at the carriers as in the above cases. Paragraph (3) of Section 10 prescribes penalties for shippers and others who "knowingly and wilfully, directly or indirectly, himself or by employee, agent, officer, or otherwise,

by false billing, false classification, false weighing, etc . . . obtain or attempt to obtain transportation for such property at less than the regular rates then established and in force on the line of transportation . . . or by the use of any false bill, bill of lading receipt, etc., . . . knowing the same to be false, fictitious, etc., . . . obtain or attempt to obtain any allowance, refund, or payment for damage . . . whereby the compensation of such carrier . . . shall in fact be made less than the regular rates."

Positive Duties of the Commission. In addition to functioning as the administrative agency for securing compliance of the carriers with the standards and prohibitions described above, the act specifically directs the commission, itself, to perform certain duties which are necessary for establishment and maintenance of just and reasonable rates, facilities, classifications, practices, etc. The more significant of these are as follows:

(1) Adequate transportation facilities.

The commission is authorized to require the filing of car service rules and regulations, and it may, in its discretion, direct that such rules and regulations be incorporated in the carriers' schedules showing rates, fares, and charges. After hearing, on complaint or upon its own initiative, it may establish reasonable car service rules, regulations, and practices, including the compensation to be paid for the use of any locomotive, car, or other vehicle not owned by the carrier using it, and the penalties or other sanctions for non-observance. Furthermore, after hearing, the commission may authorize or require a carrier to provide itself under certain conditions with safe and adequate facilities for performing as a common carrier its car service, as that term is defined in the act.

Upon receipt of complaint of any shipper or owner of a lateral or branch line of railroad, that a carrier has failed to install and operate a switch connection, the commission may hear and investigate the complaint and determine as to "safety and practicability thereof and justification and reasonable compensation therefor," and it may order compliance with Paragraph (9) of Section 1 of the law, relating to switch connections.

(2) Reasonableness of rates, classifications, practices, etc.

Section 15, Paragraph (6), of the act authorizes the commission to determine and prescribe just and reasonable individual or joint rates, fares, or charges, or the maximum or minimum or both maximum and minimum, to be charged

may issue a report stating cause of the accident and making recommendations.

The commission, under the above law, publishes annually the report of the Chief Inspector, showing the number of locomotives inspected, the number found defective, the percentage of inspected found defective, the number ordered out of service, the number of accidents reported and investigated covering failures of all parts and appurtenances of the entire locomotive and tender, and the numbers killed and injured thereby, etc.

At the present time the commission reports difficulty in performing the work of locomotive inspection as required by the amendment of March 4, 1915, with a force meant originally to deal with the inspection of boilers only.

Administration of Medals-of-Honor Act. In an attempt to promote the security of travel upon railroads engaged in interstate commerce, Congress authorized the President to bestow medals and insignia for life-saving upon railroads by the act of February 23, 1905 (33 Stat. L., 743). Under the regulations of the President of March 29, 1905 and April 22, 1913, the commission is named as the agency for the receipt of applications for the medals, and it is directed to cause designs to be prepared of the medals, rosettes, and ribbon provided for in the act, to be submitted to the President for his approval.

A committee, consisting of the Secretary of the Commission, the Chief Inspector of Safety Appliances, and the Assistant Chief Inspector, is established for consideration of applications for the medals and for making recommendation to be submitted to the President. Upon approval of the committee's recommendation by the President, the commission is directed to take such measures to carry the recommendation into effect as the President may direct.

"By-Product" Activities. Several activities have been assigned to the commission which do not regularly pertain to its functions but represent in the main a by-product utilization of the commission's accumulated fund of information on the railroad problem. At present these activities are conducted pursuant mainly to certain provisions of the Clayton Antitrust Act, the railway mail service pay and parcel post provisions of the Post Office appropria-

tion acts, the Standard Time Act, and the Merchant Marine Act, 1920.

The Clayton Act. Section 10 of the act of October 15, 1914 (38 Stat. L., 730), provides

After two years from the approval of this act no common carrier engaged in commerce shall have any dealings in securities, supplies, or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind to the amount of more than \$50,000 in the aggregate in any one year with another corporation, firm, partnership, or association, when the said common carrier shall have upon its board of directors or as its president, manager, or as its purchasing or selling officers, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership, or association, unless and except such purchases shall be made from, or such dealings shall be with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission.

The act further provides that "whenever the commission after investigation or hearing has reason to believe that the law has been violated in such transactions it shall transmit all papers and documents and its own views or findings regarding the transaction to the Attorney General." Authority to enforce compliance with Sections 2, 3, 7, and 8 of the act is vested in the Interstate Commerce Commission in cases in which the law is applicable to common carriers. By various joint resolutions (39 Stat. L., 674, 1201; 40 Stat. L., 431) Congress deferred the effective date until January 1, 1919, and by Section 501 of the Transportation Act further extended the effective date to January 1, 1921, but these extensions do not apply to corporations organized after January 12, 1918. The commission has already prepared the regulations after making investigations and holding hearings,⁸ and has served them upon the carriers subject to the Interstate Commerce Act and the Clayton Act.

In this connection may be noted also the provision in Paragraph 12 of Section 20a of the act relating to interlocking directorates.

⁸ 56 I. C. C. 847.

Valuation of Railroads. Under the valuation clause the commission is charged with the important duty of ascertaining and reporting the value of all property owned or used by the common carriers subject to the act. The law provides for ascertaining the following information:

1. The original cost to date, the cost of reproduction new, the cost of reproduction less depreciation, of each piece of property owned or used by the carrier for its purposes as a common carrier.
2. The methods by which these several costs are obtained and reasons for differences, if any.
3. Other values and elements of value of the carriers and the methods of determination of such values and reasons for differences, if any, between original cost to date, cost of reproduction new, and cost of reproduction less depreciation.
4. Original cost of lands, right-of-way, and terminals owned and used for purposes of the common carrier, both as of time of dedication to public use and as of present time.
5. Original and present cost of condemnation and damages or of purchase in excess of original cost or present value.
6. Original cost and present cost of property held for purposes other than those of a common carrier, and method of valuation.
7. History and organization of present and previous corporations operating such property.
8. Financial history.
9. Amount and value of any aid, gift, grant, or donation from public or private sources, including grants of right-of-way.
10. Amount of proceeds derived from sale of grants and value of unsold portion, if any, and value of any concession or allowance made to national, state, or local governments by carriers in consideration of aids, gifts, grants, or donations.
11. Valuation of all of the above by states and territories and the District of Columbia.

Following the ascertainment of the tentative valuation, the commission is authorized, after due notice and hearing of protests, to issue an order making the tentative valuation (corrected, if deemed necessary by the commission, in accordance with the findings at the hearings) the final valuation. All such final valuations are to be published and to be deemed *prima facie* evidence of the value of the property in all proceedings under the Interstate Commerce Act and in all judicial proceedings to enforce the terms of the act.

On October 31, 1921, the status of the valuation work was as follows: 151 tentative valuation reports upon the properties of 193 carriers had been completed and served on the parties interested; fifty-five supplemental tentative valuations had been issued and served showing the excess cost of acquisition of the lands and final value in figures, in accordance with a decision of the Supreme Court⁶ requiring the commission to investigate and report "the present cost of condemnation and damages, or of purchase, in excess of present value." All the engineering field work had been completed. In both the accounting and land sections, 98 per cent of the field work was completed. There remained to be completed, the analytical work of assembling the data accumulated, the preparation therefrom of the underlying reports which form the basis for the tentative valuations, the hearing of the carriers on their protests against the tentative valuations, the modifications thereof in accordance with such hearings, and the publication in final form of the reports on the individual carriers.⁷

After completion of these valuations, the commission must keep itself informed of all extensions, improvements, etc., and revise and correct them currently.

Authorization of Issuance of Securities. The Transportation Act added Section 20a to the Interstate Commerce Act which prohibits the issue of securities or the assumption of any obligation or liabilities in respect of the securities of others unless authorized by the commission, which may grant or deny applications made in whole or in part, with or without such modifications or terms as it may deem appropriate. The commission is directed to give its approval under the following conditions:

If the issue or obligation is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service, and

⁶ 252 U. S. 178.

⁷ A full account of the methods employed in the valuation work is given by the Commission on page 108 *et seq.* in Valuation Docket No. 2, Valuation Reports of the I. C. C.

Under this act, the commission instituted a proceeding, serving notice to the electrically operated railways of the country, and hearings were held in Washington and at sixteen important electric railway centers of the country. The outcome of the investigation was an order of August 7, 1920, effective on and after December 6, 1920. The commission held that it was fair and reasonable to require electric railroads to be governed by the space basis system in mail transportation, but that side, terminal, and transfer services should be assumed by the Post Office Department or paid for by the department upon the ascertainment of the cost of such services. Reasonable rates were fixed for various classes of mail service and certain rules prescribed for the conduct of the service.

Merchant Marine Act, 1920. The duties of the commission under Sections 8 and 28 of the Merchant Marine Act of 1920, have been described in Chapter I. Pursuant to Section 8, the Secretary of War and the United States Shipping Board on March 25, 1921, placed the results of a survey made by the Board of Engineers for Rivers and Harbors before the commission. This survey reported "that the charges, regulations, and practices of rail carriers at these ports were preventing the erection of needed terminal facilities; the natural development of the ports; the proper building up of the merchant marine, and the economical carrying on of foreign commerce. The commission is now conducting a general investigation into this situation.

Under Section 28, upon appropriate certification from the Shipping Board, that adequate shipping facilities were not afforded by vessels documented under the laws of the United States, the commission suspended the operation of the provision of the section which prohibits a lower rate, fare, or charge for transportation in foreign commerce than is charged for like transportation in domestic commerce; unless the water transportation from or to the port of export or import has been or is to be in a vessel documented under the laws of the United States.

Miscellaneous. By the act of March 19, 1918 (40 Stat. L., 450), as amended by the act of August 20, 1919 (41 Stat. L., 280), the commission was designated as the agency to define by order the limits of the five zones into which the country is divided to establish standard time, with due regard to the convenience

of commerce and the existing junction points and division points of common carriers engaged in commerce between the several states and with foreign nations. The original order of the commission may be modified from time to time.¹⁰

By act of March 3, 1919 (35 Stat. L., 703), the Interstate Commerce Commission was directed to prescribe the manner and form of books to be kept by every corporation in the District of Columbia engaged in the manufacture and sale of gas and electricity. This work was done by the commission's Division of Carrier's Accounts, which reported in 1920 that a uniform system of accounts was in effect for these companies.

Section 304 of the Transportation Act directs the commission to prescribe regulations to govern nominations by employees and subordinate officers or carriers for representatives on the United States Railroad Labor Board. Such regulations were drawn up after due hearing and investigation, and the names of the nominees selected in accordance with these regulations were forwarded to the President, accompanied by the commission's certificate that the nominations had been made according to its regulations. From time to time it may be necessary to modify these regulations, particularly in the definition of the term "subordinate officials" used in the act.

Relations with other Governmental Bodies. The Transportation Act created the Railroad Labor Board with certain jurisdiction over railroad wages and working conditions. No provision is made in the law for coördination between this board and the commission, but informal conferences of the two bodies have been held from time to time. It has been aimed particularly to secure and have on file such statistical data as might aid the Railroad Labor Board in its work.

¹⁰ In the annual report for 1920 (p. 74) the commission reported that petitions to include in one zone extensive territories properly in the next zone to the West in order to provide for such territories a standard time faster than the mean solar time of the nearest time-governing meridian, were in two instances, after full hearing, denied on the ground that in view of the obvious intent of Congress in repealing the daylight savings or advanced time section of the act, it was not within the commission's discretion to adjust the zone boundaries with the avowed purpose of providing a community with an advanced standard of time.—57 I. C. C., 455, and 59 I. C. C., 249.

A jurisdictional conflict between the Shipping Board and the commission has emerged from the enactment of Section 19 of the Merchant Marine Act, which provides as follows:

SEC. 19 (1) The Board is authorized and directed in aid of the accomplishment of the purposes of this Act . . .

(c) To request the head of any department, board, bureau, or agency of the government to suspend, modify or annul rules or regulations which have been established by such department, board, bureau, or agency, or to make new rules or regulations affecting shipping in the foreign trade other than such rules or regulations relating to the Public Health Service, the Consular Service, and the Steamboat Inspection Service.

(2) No rule or regulation shall hereafter be established by any department, board, or agency of the government which affects shipping the foreign trade, except rules or regulation affecting the Public Health Service, the Consular Service and the Steamboat Inspection Service, until such rules or regulations have been submitted to the board for its approval and final action has been taken thereon by the board or the President.

(3) Whenever the head of any department, board, bureau, or agency of the government refuses to suspend, modify, or annul any rule or regulation, or make a new rule or regulation, upon request of the board as provided in subdivision (c) of paragraph (1) of this section, or objects to the decision of the board in respect to the approval of any rule or regulation, as provided in paragraph (2) of this section, either the board or the head of the department, board, bureau, or agency which has established or is attempting to establish the rule or regulation in question may submit the facts to the President, who is hereby authorized to establish or suspend, modify, or annul such rule or regulation.

The Shipping Board has interpreted the above provisions of Section 19 as applicable to the Interstate Commerce Commission. The commission, however, does not concur in this view, maintaining that Section of the Shipping Act, of 1916 which provided that "this act shall not be construed to affect the power or jurisdiction of the Interstate Commerce Commission or to confer upon the Board concurrent power or jurisdiction over any matter within the power or jurisdiction of such commission; nor shall this act be construed to apply to intrastate commerce," has not been repealed by Section 19 of the Merchant Marine Act. The commission has recommended, therefore, that Section 19 be

amended specifically to exclude it from its operation. Meanwhile, however, to realize the benefits from coöperation of the two bodies, the commission has appointed a committee to confer with a similar body from the Shipping Board "upon matters of common interest and concern."

Under Paragraph (3) of Section 13 of the Interstate Commerce Act the commission is authorized to confer with state regulatory bodies with respect to the relationship between rate structures and practices of carriers subject to the jurisdiction of the commission and the state bodies. In the hearings regarding increased rates held in May, June, and July, 1920, three state commissioners selected by the National Association of Railway and Utilities Commissioners sat with the commission throughout the hearings and oral argument and participated in the conferences prior to the determination of the matters at issue. Subsequently, various state commission denied, either wholly or partially, the carriers' applications for increases in interstate commerce rates corresponding to the increases for interstate commerce authorized by the commission after the above hearings had been concluded. The carriers thereupon filed petitions with the commission under Paragraph (3) of Section 13 of the act, alleging that such refusals by the state bodies caused undue advantages, preferences, prejudices, or discriminations as between interstate and intrastate commerce, prohibited by this section of the act. The commission after investigation upheld the carriers as to certain interstate rates, fares, or charges, and directed them to make certain increases accordingly. Court proceedings have been instituted by the authorities of certain states to set aside the commission's order, and cases are now pending before the Supreme Court, the decisions as to which will clarify the issues involved in this section of the act.

Summary. In order to present clearly the numerous phases of the commission's work, it has been deemed best to set forth in separate categories, as in the preceding pages, each of its significant powers or duties under the law and, wherever possible, some statistical data illustrative of the scope of the activities thereunder. It is hardly necessary to note that any such isolation and classification of the activities is obviously artificial. In the actual conduct of its operations, under the numerous statutory

provisions referred to above, the work of the commission resolves itself into the quasi-judicial work of conducting hearings and rendering decisions on the many questions under its jurisdiction; the quasi-legislative work of drawing up and revising rules and regulations authorized by various provisions of the act; and the administrative work, including both the investigation and determination of fact, whether formal or informal, whether at the complaint of any person, firm, corporation, state, commission, etc., or upon its own motion, and the enforcement or execution of the interstate commerce act and the other laws which impose duties upon the commission. In each case, there are some points of division between the preliminary routine necessarily involved in the work and the intermediate and the final stages, so that allocation of function is possible, for purposes of administration as between the commission, itself as a whole, its bureaus, and its staff. The interesting administrative machinery by which this process of subdivision of labor has been accomplished is described in the following chapter.

CHAPTER III

ORGANIZATION

The important changes in duties of the Interstate Commerce Commission following the enactment of the Transportation Act of 1920 resulted in a general reorganization, both of administrative machinery and internal organization. To some extent the various laws defining the work of the commission prescribe also its general organization.

Statutory Provisions. The law provides for eleven Commissioners, not more than six from the same political party, appointed by the President with the concurrence of the Senate for seven-year terms¹ at salaries of \$12,000 per annum. No person in the employ of or holding any official relation to any common carrier subject to the interstate commerce law or who is in any manner pecuniarily interested through ownership of stocks, bonds, or in any other way, is eligible for such office. No member may engage in any other business, vocation, or employment. With regard to its staff the commission has authority to employ and fix the compensation of such employees as it may find necessary for the proper performance of its work. The salary of the Secretary of the commission, however, is fixed by law at \$7500. The commission is specifically authorized to employ expert examiners² and other assistants for the work of valuation, inspection of carriers' accounts, and investigation of block-signal systems and automatic control appliances; to employ such attorneys as it finds necessary for proper legal aid and services of the commission or its members in the conduct of its work or for proper presentation of the public interest in investigations made by it or in cases or proceedings pending before it; and to appoint the fifty district

¹ The original act provided for five commissioners to serve for 6-year terms.

² Who have power to administer oaths, examine witnesses, and receive evidence.

inspectors of locomotives, after competitive examination according to the Civil Service Commission's rules.³

The law provides that all expenses of the commission, "including all necessary expenses for transportation incurred by the Commissioners, or by their employees under their orders, in making any investigation, or upon official business in any other places than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman of the commission." Special sessions may be held in any part of the United States whenever the convenience of the public or the parties in the case may be promoted thereby, or delay or expense prevented. Through one or more of the Commissioners, the commission may "prosecute any inquiry necessary to its duties, in any part of the United States, into any matter or question of fact pertaining to the business of any common carrier subject to the provisions of this act."

The commission is authorized to utilize the services of the district attorneys of the United States for enforcement of the provisions of the Interstate Commerce Law by making it the duty of any district attorney of the United States to whom the commission may apply "to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of the act and for the punishment of violations." The costs and expenses of such prosecutions are to be paid out of the appropriation for the expenses of the courts of the United States.

In conducting its proceedings, the commission is authorized to act as it may consider will best conduce to the proper dispatch of business and the ends of justice. A majority of the commission constitutes a quorum for the transaction of the business except that by the act of August 9, 1917 (40 Stat. L., 270), the commission is authorized to divide its membership into as many divisions as may be deemed necessary and to assign or refer any of its work, business, or functions, to such a division for action.⁴

³ Expert stenographic reporters may be employed by contract or otherwise for official reporting work. The commission may sell, at a rate per page equivalent to the cost of making them, copies of transcripts of its proceedings, and may use the proceeds of such sales to defray the expenses thereby incurred.

⁴ Prior to this law, all matters requiring commission action had to be passed upon by a quorum of the entire body.

Divisions so established were given authority, by majority action, to prosecute and conclude matters, subject to a rehearing by the commission itself, with the same effect as if the action had been taken by the entire body. The Commissioner senior in service in each division is designated its Chairman.

The Commission. In order to function expeditiously and effectively, any body charged with such diverse responsibilities as has been entrusted to the Interstate Commerce Commission under the various laws defining its power and activities, must be organized in a manner to permit of considerable subdivision of labor and yet to assure harmony and coördination in the work of its various units into a consistent general policy. To attain the first objective the members of the commission have been grouped into five divisions termed, respectively, Divisions 1, 2, 3, 4, and 5. Each division consists of three members, except Divisions 1 and 4, each of which is composed of four members. The duties of the respective divisions are as follows:

Division 1. The conduct of the work of the Bureau of Valuation, and generally with the conduct and determination of matters arising under Section 19a of the Interstate Commerce Act, relating to the valuation of railroads; matters arising under the safety-appliance acts, the Accident-report Act, the Hours-of-Service Act, the Ash-pan Act, the Boiler-inspection Act, the Block-signal Resolution; and Section 26 of the Interstate Commerce Act, which has to do with the requirement for the installation of automatic train stops and train-control, or other safety devices.

Division 2. The disposition of applications and requests for suspension of rates, fares, and charges under Paragraph 7 of Section 15 of the Interstate Commerce Act; under Section 4, the the long-and-short-haul provision; and under Section 6, relating to the printing and filing of schedules of rates, fares, and charges. This division also is charged with the disposition of cases on the special docket, involving awards of reparation when rates have been exacted which are conceded to have been unreasonable; the formulation of regulations for the safe transportation of explosives and other dangerous articles; requests and applications for authority to establish and maintain tariffs carrying released rates under Section 20 of the Interstate Commerce Act; and matters arising under Section 208 (a) of the Transportation Act, which prohibits reductions in the rates, fares, and charges which on February 29, 1920, were in effect on lines of carriers subject to

the Interstate Commerce Act, prior to September 1, 1920, without approval by the commission, the disposition of matters coming from the board of reference, composed of chiefs of various sections, which passes upon minor matters of an administrative character, as to which the policy is deemed to have been settled by previous rulings.

Division 3. The disposition of formal cases not orally argued which are not allotted to a commissioner or reserved by the commission; and the disposition of recommendations of the Bureau of Inquiry as to prosecutions and proceedings for the collection of penalties for violations of the Interstate Commerce Act, the Elkins Act, and other related acts.

Division 4. Matters arising under Sections 204, 209, and 210 of the Transportation Act, which relate, respectively, to the reimbursement of carriers for deficits during government control; the guaranty to carriers during the six months beginning March 1, 1920; and new loans to railroads. To Division 4 have also been assigned matters arising under paragraphs 18 to 20, inclusive, of Section 1 of the Interstate Commerce Act, with respect to the issuance of certificates of convenience and necessity for new construction or abandonment of railroads; matters arising under paragraphs 6a, b, and c of Section 5 of the Interstate Commerce Act, the approval of the consolidation of railroad carriers, and under Section 20a of the same act concerning the regulation of the issuance of securities of carriers by railroad.

Division 5. Matters arising under paragraphs 10 to 17, inclusive, and 21 and 24 of Section 1 of the Interstate Commerce Act, as to car service, extensions of lines, and priority of transportation during war upon the direction of the President; also matters arising under paragraph 4 of section 3, respecting the common use of terminals by carriers; under Paragraph 13a of Section 6, concerning physical connection between rail lines and docks; and under Paragraph 10 of Section 15, with regard to the routing as between carriers of traffic which is unrouted by the shipper.

All the divisions except the last, in addition to the above duties, act in monthly rotation to hear argument in and determine such cases as are not reserved for consideration by the full commission. While one division is hearing arguments, the other two divisions are occupied in finally disposing of submitted cases and in performing the other duties which daily come before the commission. From the assignment of the work by divisions as outlined, the full commission reserves for its consideration and disposition as a unit, all general investigations, applications for rehearing, re-

argument, and other consideration, and certain other particularly enumerated cases.

Coördination of the actions of the various divisions into a consistent general policy is attempted through "free and full interchange of information and views as to all work in progress," supplemented by frequent conferences of the entire body as occasion demands.

The Staff. The fundamental principal in the organization of the staff has been to keep the organization as simple as possible, with centralized responsibility, and to afford a ready means to bring to bear the judgment of the commission on any matter. Each bureau has a single head, who reports to a commissioner, who in turn can bring matters to a division, or, if need be, to the entire commission, for determination. As already noted above, a board of referees, composed of chiefs of various sections, passes upon minor matters of an administrative nature, as to which the commission's policy has been settled by previous rulings.⁵

The thirteen bureaus of the commission, one of which is of a purely institutional character, and the sections in each bureau, together with the chief officer of each bureau or section are given in the table on the following page.

The Secretary. The general administrative and executive officer of the commission is its Secretary. Not only does he deal with administrative matters, relating especially to appropriations and disbursements, such as are referred to him by the Chairman of the commission, but also with the administrative matters, arising in the conduct of the work of the various bureaus of the commission, referred to him by the various commissioners to which the bureau chiefs report. The Secretary functions also as the medium of communication between the public and the commission so that most of its important correspondence is conducted under his signature. Furthermore, the entire work of the Bureau of Administration with its eleven sections, dealing mainly with institutional matters such as mails and files, supplies, printing, etc., is under his direction.

Bureau of Administration. The duties of this bureau, at the head of which is the Secretary of the commission, are of an

⁵ The work of the board of referees has been described above on p. 68.

Bureaus	Sections	Chief Officers
1. Administration	Mails and Files Dockets Stenography Printing Disbursements Purchases Appointments Indices Library Supplies Documents	Secretary Chief of Section Chief of Section Chief of Section Printing Clerk Disbursing Clerk Chief Clerk Appointment Clerk Chief of Section Librarian Chief of Section Chief of Section
2. Formal Cases	Examiners Board of Review	Chief Examiner
3. Informal Cases	Informal Cases Special Docket	Chief of Bureau
4. Traffic	Tariffs and Sixth Section matters Released Rates Board Suspension Board Fourth Section Board	Director Chief of Section
5. Inquiry		Chief of Bureau
6. Law		Chief Counsel
7. Safety	Signals and Automatic Train- Control Devices, Accident In- vestigation Hours of Service Safety Appliances	Chief of Bureau
8. Locomotive Inspec- tion		Chief Inspector
9. Service	Car Service Transportation of explosives and other dangerous articles	Director
10. Finance	Administration Loans Convenience and Necessity Securities Interlocking Directorates Accounting and Statistics Engineering Law	Director Assistant Director Chief of Section Chief of Section Chief of Section Chief of Section Assistant Director Assistant Director Assistant Director
11. Accounts	Board of Examiners Depreciation Section	Director
12. Statistics	Administration Mechanical Tabulation Annual Reports Operating Returns Wage Statistics Accident Statistics	Director Chief of Section Chief of Section Chief of Section Chief of Section Chief of Section
13. Valuation	Administration Engineering Land Accounts	Director Supervisor of Engineer- ing Supervisor of Land Ap- praisals Supervisor of Accounts

institutional character. They include, the keeping of records of complaints and of all ensuing proceedings and action; the receipt, answering,⁶ filing, and indexing of general correspondence; the recording of orders and of minutes and the filing and docketing of complaints, answers, orders, and other papers; the service of petitions and orders upon parties to formal proceedings; the purchase of supplies and maintenance of accounts of disbursements; the distribution of reports, opinions, and other official documents, with the work necessarily involved in the preparation thereof for printing; and many other minor duties. A duty in a large measure of a functional character is performed by the Indices Section, which prepares tables of cases, localities, and commodities, reported and cited, and makes indices of unreported and reported opinions of the commission. It also indexes all current state and federal decisions on commerce and compiles a historical record of all interstate commerce cases in the federal courts, with suitable annotations and supplements. The library contains general and special works on transportation; special collections of congressional, departmental, and foreign documents; a law collection, consisting of the standard sets of federal and state decisions, digests, statutes, encyclopedias, and treatises; and special treatises on economics, finance, and engineering. Complete files are available of all the publications of the various bureaus of the commission and congressional bills, documents, reports, and hearings upon transportation, covering the period from the establishment of the commission in 1887 to date.

Bureau of Formal Cases. This bureau handles all cases instituted by formal complaints of shippers and others or by the commission on its own motion. The status of the formal docket in 1921 as compared with previous years, as of October 31, is shown in the following table:

	1918	1919	1920	1921
Formal complaints filed	456	838	1,040	1,487
Cases at issue but not set for hearing.....	21	54	146	201
Cases set for hearing but not heard	142	184	92	205
Cases heard but not fully submitted.....	87	234	505	714
Cases submitted	386	274	385	445
Cases disposed of	653	598	620	1,021

⁶ Much general correspondence is, however, answered by the Bureau of Informal Cases under the Secretary's signature.

Because of the large number of cases on the docket, it was found impossible as far back as in 1909 for the commissioners to take testimony in many cases, except those of general significance. The Hepburn Act, therefore, authorized the appointment of special examiners who, after hearing a case and taking testimony, generally in the field, prepare a report which is submitted to the party in the case for any statements of exceptions which it may be desired to file. The record of the hearings, the report of the examiner in the case, and the statements filed by the party against whom action has been taken, are laid before the Board of Review, the members of which are selected from the force of examiners. This body prepares the bureau's final report on the case for the commission and recommends appropriate action.

Bureau of Informal Cases. This bureau has the duty of disposing of the large volume of business handled informally. It was originally established first, to centralize and standardize the treatment of the numerous and intricate problems thus submitted to the commission, secondly, to provide an expeditious means of settlement of certain claims of shippers against carriers, and finally to dispose promptly of all informal complaints which might otherwise develop into formal ones in cases where the unreasonableness of the rate or regulation is admitted by the carrier involved.

The bureau thus devotes its attention to general inquiries, to informal complaints, and to claims submitted on the special docket. Some of these matters involve an interpretation of law, and the ensuing informal rulings are promulgated in the bulletin of conference rulings of the commission. In regard to the procedure of the special docket, it is important to note that

while cases coming forward on this docket are adjusted in an informal manner, this special docket is not an informal docket except in respect to the form of pleadings and the character of the hearing. The commission cannot on the special docket exceed the authority exercised by it on the formal docket, nor may it omit any requirement with respect to cases on the special docket that the law imposes on it in the disposition of cases on the formal docket. In all cases, whether on the formal or the informal docket, the law requires a complaint and answer and a full hearing, and provides that where damages are awarded the report

of the commission shall include the findings of fact on which the award is made. The commission has endeavored to simplify the procedure on the special docket by accepting the application of the carrier as the equivalent of a complaint and answer, and by accepting as a sufficient compliance with the requirements of Section 15 for a full hearing its admission that the rate charged under the circumstances then existing was unreasonable.

The figures for the year ending October 31, 1921 are indicative of the volume of work handled by this bureau. The number of informal complaints received were 7811, while 2350 special docket applications were filed for authority to refund amounts collected under published rates, admitted by carriers or the Director General of Railroads to have been unreasonable. Orders authorizing refunds were entered in 1289 cases involving reparation to an aggregate of \$798,278.23. In addition 211 cases were disposed of without orders. In all, the bureau handled approximately 91,500 letters.

Bureau of Traffic. The jurisdiction of the Bureau of Traffic includes all matters relating to charges for transportation and transmission, by freight, passenger, express, pipe line, and telegraph and telephone service, other than proceedings on the formal docket and complaints handled by the Bureau of Informal Cases. In addition to the work performed by the various sections described in the following paragraphs, the Bureau of Traffic aims at adjustment by correspondence and informal conferences with shippers and carriers, of controversies over legal charges under the tariffs, and disputes concerning readjustments in rates, fares, classifications, and charges of all kinds.

The Section of Tariffs and Sixth Section Matters maintains the files of schedules of rates, fares, and charges required from the carriers by Section 6 of the Interstate Commerce Act. In illustration of the volume of work handled by this section, it is of interest to note that there were filed in the year ending October 31, 1921, 103,748 tariff publications, containing changes in freight, express, and pipe line rates, passenger fares, and classification ratings, and 201,656 certificates of concurrence and powers of attorney. This section also supplies rate memoranda for the use of the commission, shippers, carriers, and various branches of the national government.

The Board of Suspension deals with matters relating to the special investigation and suspension docket, which was established in 1912, to give special expedition to the handling of cases involving suspension of the operation of tariffs filed but not yet in operation. In the year ending October 31, 1921, 207 proceedings were instituted on this "investigation and suspension" docket, of which 157 proceedings were disposed of.

The Fourth Section Board, established in 1911, following the resuscitation of the "long-and-short-haul" clause under the Mann-Elkins Act of June 8, 1910, files and digests the applications received from the carriers for relief from the operation of this clause and "aggregate of intermediates" clause and presents to the commission a brief statement of the situation involved in each application. The board is composed of examiners who have authority to take testimony on the applications pending. The commission reports that renewal of active competition between individual carriers following resumption of private control has brought an increase in the number of applications for relief from the provisions of Section 4 of the act.

Section 20 of the Interstate Commerce Act authorizes the commission to establish and maintain rates for carriers dependent on the value declared in writing by the shipper or agreed upon by him as the released value of the property. To handle applications from carriers for authority to maintain such rates, the Released Rate Board has been established. In the year ending October 31, 1921, 210 such applications were received relating particularly to ores and smelter products.

Bureau of Inquiry. The Bureau of Inquiry deals with apparent violations of the Interstate Commerce Act or the supplementary laws, which come to the commission's attention. Most of the matters investigated by this bureau are disposed of without recourse to the courts, mainly through correspondence or conference with carriers or shippers concerned. In this work a staff of special agents is continuously employed in field work, while a staff of attorneys not only analyzes the evidence thus obtained, and in appropriate cases recommends prosecution, but also takes part in the correspondence and conferences. Where the commission approves a recommendation for prosecution, the attorneys prepare

cases for presentation before grand juries and assist the United States attorneys in the court proceedings.

Bureau of Law. The Bureau of Law represents the commission in injunction and other proceedings brought by carriers in the United States courts against orders of the commission and in such civil actions as the commission approves to enforce statutory forfeitures resulting from failure to comply with its orders and, in general represents the commission in all court proceedings in which the commission is a party. It also functions as a service bureau in preparing briefs and memoranda on questions of law whenever required in the general work of the commission and acts as a supervisory and coördinating body for the work of the attorneys engaged in the various other bureaus of the commission. When directed by the commission, it participates in special inquiries prosecuted by the commission of its own motion or at congressional requests.

Bureau of Safety. This bureau has jurisdiction over the activities of the commission relating to the safety of passengers, employees, and property except the work of locomotive inspection, which is conducted by the Bureau of Locomotive Inspection, and the regulation of transportation of explosives and other dangerous articles, which is under the Bureau of Service. This bureau has four sections: Hours of Service, Safety Appliances, Accident Investigation, and Signals and Automatic Train Control devices. For enforcement of the safety appliance laws, the country is divided into twenty sections, to each of which two inspectors are assigned, while for administration of the Hours-of-Service Act, a geographic division into nine sections has been made, to each of which one inspector or special agent has been assigned. Aid in enforcement of these laws is given by the attorneys of the bureau, who hold commissions as assistant United States attorneys. All cases of violation of the safety-appliance laws and the Hours-of-Service Act reported by the Bureau of Safety are transmitted by the commission to the United States attorneys for prosecution.⁷ Plans of safety devices which are submitted to the

⁷ In the year ending June 30, 1921, 345 cases were transmitted of violations of the safety appliance laws and sixty-seven violations of the Hours-of-Service Act.

bureau are examined by engineers of the Signal and Automatic Train Control Section, and reports thereon are rendered to the proprietors. The personnel of the above sections are utilized, as occasion demands, in the work of investigation and preparation of detailed reports and analyses of train accidents by the Accident Investigation Section. The more important reports are published directly after the investigations are completed, and all reports are condensed and published in quarterly bulletins. The net results of the investigations during the course of the year are summarized in the annual report of the Chief of the Bureau of Safety.

To this bureau is also assigned the handling of detail involved in the administration of Section 26 of the Interstate Commerce Act, added February 28, 1920, which authorizes the commission to order any carrier subject to the act, upon two years' notice, to install automatic train-stop or other safety devices.

Bureau of Locomotive Inspection. The Bureau of Locomotive Inspection is charged with the administration of the act of February 17, 1911 (36 Stat. L., 913), as amended by the act of March 4, 1915 (38 Stat. L., 1912). The following table shows the increase in the work of locomotive inspection from 1917 through 1921:

	1917	1918	1919	1920	1921
Number of locomotives inspected.	47,542	41,611	59,772	49,471	60,812
Number found defective	25,909	22,196	34,557	25,529	30,207
Percentage found defective.....	54.5	53	58	52	50
Number ordered out of service..	3,294	2,125	4,443	3,774	3,914
Total defects found.....	84,883	78,277	135,300	95,066	104,848

This bureau is under a Chief Inspector and two Assistant Chief Inspectors who, under the law, must be appointed by the President with the concurrence of the Senate. The country is divided into fifty inspection districts, each of which is policed by a field officer, called the district inspector. The offices of these inspectors are located in a manner to permit of most convenient access to the railroad offices,⁸ and a stenographer is assigned to each office. The administrative office in Washington, under the Chief Inspector and his two assistants, consists of a section which deals with

⁸ Thus, for example, three inspectors are located in Chicago, two in St. Paul, two in Boston, etc. Such an arrangement, of course, makes possible the conservation of office space and travel expenditure.

the monthly and annual reports of the inspectors; a section, which is concerned with the technical details involved in the preparation of standards of design and construction for locomotives, and a section through which is handled the office routine involved in the work of accident investigation, general enforcement, and interpretation of orders.

Bureau of Service. The Bureau of Service was organized in April, 1920, to execute the duties imposed upon the commission by paragraphs 10 and 17 of Section 1 of the Interstate Commerce Act, which enlarged its powers with respect to car service to include control over the use, supply, movement, distribution, exchange, interchange, and return of locomotives, cars, and other vehicles used in the transportation of property, including special types of equipment, and the supply of trains.

The bureau through its Director and his assistants keeps in constant and close touch with operating and transportation conditions and with the transportation requirements of shippers throughout the country. Close contact is also maintained with the Car Service Division of the American Railway Association, acting on behalf of the carriers, and with the carriers themselves. Reports of the carriers to the commission and reports of the Car Service Division are utilized to provide information regarding the several phases of car service and operation necessary to conduct the work of the bureau.

Particular attention is given to the proper distribution of empty cars (a) as between individual shippers, (b) as between railroads, and (c) as between producing districts. Special emphasis is placed upon the need of increased operating efficiency and the improvement of service. The bureau supervises the operation of emergency and priority orders of the commission with respect to car service. In addition to the administrative office in Washington, service agents are stationed at important points to conduct investigations on the ground and to keep the Director informed.

This bureau also has jurisdiction over matters relating to the transportation of explosives and other dangerous articles, regulation of which is entrusted to the commission by the acts of March 4, 1909 (35 Stat. L., 1134), and March 4, 1921 (41 Stat. L., 1444).

Bureau of Finance. The Bureau of Finance was created in 1920 to aid the commission in the administration of those provisions of the law which relate to issuance of certificates of public convenience and necessity, authorization of issuance of securities, recovery of excess net railway operating income, etc. This bureau, the chief of which is designated Director, has eight sections, as follows: Administrative, Securities, Loans, Convenience and Necessity, Interlocking Directorates, Accounting and Statistics, Engineering, and Law.

The Administrative Section deals with the administrative details for all sections of the bureau.

The Section of Securities is concerned with all matters relating to the issuance of securities or assumption of obligations by carriers.

The Section of Loans deals with matters relating to loans to carriers during the transition period immediately following government operation.

The Section of Convenience and Necessity is concerned with the issuance of certificates of public convenience and necessity for abandonment, acquisition, or construction of line; the retention of excess earnings from newly constructed line; and with the authorization of acquisition of control by one carrier of another carrier, and the consolidation of telephone companies.

The Section of Interlocking Directorates deals with matters apparent from its title.

The Accounting and Statistics Section has jurisdiction over matters relating to the reimbursement to certain carriers of deficits incurred during government operation and the six month's guaranty after termination of that period; also recovery of excess net railway operating income and establishment of general railroad contingent fund.

The Engineering and Law Sections are in the nature of service agencies to the other sections.

The last three sections mentioned, Accounting and Statistics, Engineering, and Law, as well as the Administrative Section, are under assistant directors, while the other four sections are under section chiefs.

Bureau of Accounts. The Bureau of Accounts is the agency utilized primarily⁹ to carry out the purposes of Section 20 of the Interstate Commerce Act, which authorizes the commission to prescribe a uniform accounting system to be adopted by the carriers subject to the act, and to prescribe the classes of property for which depreciation charges may properly be included under operating expenses and the percentages of depreciation which shall be charged with respect to each of such classes of property. Authority is given the commission to employ examiners to inspect the accounts, records, and memoranda of such carriers. A Board of Examiners has been organized in the Bureau of Accounts to make both special examinations for the purpose of gathering specific information relative to particular questions and general examinations to determine whether the accounting orders and general transportation rules and principles laid down by the commission are observed by the carriers, and to observe not only any irregularities in accounts themselves but also in practices as reflected in the accounts. The ultimate object of the work of the Board of Examiners is to create a condition whereby improper practices will not occur because of the certainty that they will be reflected in the accounts.

At the present time the bureau is still largely concerned with the liquidation of accounting matters resulting from government operation of railroads. Final certifications are being made of the annual average operating income of carriers in the "test period," and examinations are being made to verify the claims of carriers for compensation or benefits due them under Sections 204 and 209 of the Transportation Act.

The Bureau of Accounts is under a Director and three Assistant Directors. A field force of examiners, with head-quarter in seven branch offices, located with a view to accessibility to the railroad accounting offices, conducts examinations of carriers' accounts to detect violations and in general to observe whether the accounting orders of the commission are complied with. The examiners at each office are under an Examiner-in-

⁹ The activities of this bureau during the period of government operation were largely confined to examination of carriers' accounts relating to operating income for the test period in order to provide the basis of compensation due carriers from the government.

Charge. The examiners of the central office at Washington review the reports returned by the field investigators and handle correspondence relating to interpretations of orders and such other office routine as is inevitably associated with work of this nature. A special section of the bureau was created in 1920 to consider the problem of depreciation, and preliminary studies and analyses are now being made in order to carry out the provisions of the law relating to depreciation.

Bureau of Statistics. This bureau contains six sections: Administrative, Annual Reports, Operating Returns, Wage Statistics, Accident Statistics, and Mechanical Tabulation.

The bureau itself is under a Director, while the sections are under section chiefs. The first and last sections listed above are self-explanatory. The Annual Reports Section receives and examines annually reports from over 3100 corporations, including steam railroad companies, electric railway, sleeping car companies, express companies, telephone companies, water lines, telegraph and cable companies, and pipe lines. It prepares the annual statistical publications, "Statistics of Railways in the United States," the "Preliminary Abstract of Statistics of Common Carriers," and the annual report of express companies; also the quarterly commodity statistics. The Accident Statistics Section prepares quarterly and annual bulletins of railroad accident statistics. Analysis is made of the causes of accidents in a form adapted to the requirements of those engaged in accident prevention.

The Operating Returns Section prepares the following monthly statements:

Operating revenues and operating expenses of Class I steam roads, by regions and districts.

Operating revenues and operating expenses of individual large steam roads.

Freight and passenger service operating statistics of Class I steam roads, by regions.

Operating statistics of individual large steam roads.

Freight and passenger train service unit costs of Class I steam roads.

Revenue traffic statistics of Class I steam roads.

Summary of reports of large telephone companies.

The Wage Statistics Section examines and compiles monthly reports of the service and compensation of railroad employees to meet the needs of the commission and the Railroad Labor Board.

The work of all of the above sections includes examination of the reports received from the companies to detect any accounting and statistical errors and to determine whether the reports have been made in conformity with the classifications and forms prescribed by the commission, and they conduct such correspondence as is necessary in the work of correction. Questions of interpretation of accounting rules or principles arising in the conduct of the work are referred to the Bureau of Accounts for settlement.

A staff of statistical analysts, attached to the office of the Director of the bureau, is continuously engaged in research and analysis of the information made available by the compilations of the various sections of the bureau, in order to throw light upon such important problems as the separation of operating expenses between freight and passenger service, the division of costs between line and terminal, etc., information as to which is essential to the commission in exercising its powers under the law.

Bureau of Valuation. To carry out the work contemplated by the Valuation Act of March 1, 1913 (37 Stat. L., 701), the commission established the Bureau of Valuation, which will remain, though in modified form, an important and permanent bureau, since it is provided in the law that after an initial valuation has been made the work performed shall be kept up to date. The territory of the United States was divided into five geographical districts: Eastern, Central, Western, Southern, and Pacific. To handle the various problems involved in the project, administrative five-member boards of engineers, land attorneys, and accountants were created, one member on each board for each district. For each of these three divisions of the work, field and office staffs were established. The field work of the Engineering Division has now been completed and the field parties have been disbanded. The field work of the other two divisions is also approaching completion, so that it has been possible to abandon the various district offices hitherto maintained and to centralize the entire organization in Washington.

The entire work is now under a Director of Valuation, who has the usual administrative assistants and an engineering and legal assistant. The three sections of the bureau, Engineering, Land, and Accounts, are under officers designated as Supervisor of Engineering, Supervisor of Land Appraisals, and Supervisor of Accounts, respectively. The experts in these sections prepare the underlying valuation reports which are submitted to a so-called "Tentative Valuation Committee" consisting of the Director of the bureau, who is chairman of the committee, the solicitor, and a staff of attorneys. This committee issues the tentative valuation reports which, after approval by the commission, are submitted to the carriers for criticism pending final publication as provided in the law.

APPENDIX I

OUTLINE OF ORGANIZATION

EXPLANATORY NOTE

The Outlines of Organization in this series of monographs have for their purpose to make known in detail the organization and personnel possessed by the several services of the national government to which they relate. They have been prepared in accordance with the plan followed by the President's Commission on Economy and Efficiency in the preparation of its outlines of the organization of the United States Government.¹ They differ from those outlines, however, in that whereas the commission's report showed only organization units, the presentation herein has been carried far enough to show the personnel embraced in each organization unit.

These outlines are of value not merely as an effective means of making known the organization of the several services. If kept revised to date by the services, they constitute exceedingly important tools of administration. They permit the directing personnel to see at a glance the organization and personnel at their disposition. They establish definitely the line of administrative authority and enable each employee to know his place in the system. They furnish the essential basis for making plans for determining costs by organization division and subdivision. They afford the data for a consideration of the problem of classifying and standardizing personnel and compensation. Collectively, they make it possible to determine the number and location of organization divisions of any particular kind, as, for example, laboratories, libraries, blue-print rooms, or any other kind of plant possessed by the national government, to what services they are attached and where they are located, or to determine

¹ House Doc. 458, 62d Congress, 2d Session, 1912—2 vols.

what services are maintaining stations at any city or point in the United States. The Institute hopes that upon the completion of the present series, it will be able to prepare a complete classified statement of the technical and other facilities at the disposal of the government. The present monographs will then furnish the details regarding the organization, equipment, and work of the institutions so listed and classified.

OUTLINE OF ORGANIZATION¹

INTERSTATE COMMERCE COMMISSION

JULY 1, 1921²

<i>Units of Organization</i>			<i>Annual Salary Rate³</i>
<i>Classes of Employees</i>	<i>Number</i>		
1. The Commission			
Commissioner	11		\$12,000
Private Secretary to Commissioner	7		3,000
	4		2,400
Senior Clerk	10		1,860
Clerk, Office of Chairman	1		1,500
Clerk	1		1,620
Junior Clerk	2		1,440
	1		1,380
	1		1,200
2. Bureau of Administration			
1. Office of the Secretary			
Secretary to the Commission	1		7,500
Assistant Secretary	1		4,000
Assistant to the Secretary	1		3,300
	1		2,400
Chief Clerk and Purchasing Agent	1		3,000
Law Clerk	1		2,400
Senior Clerk	1		2,340
	1		2,100
	1		1,980
	1		1,860

¹ Compiled from Part II of the Thirty-fifth Annual Report of the Interstate Commerce Commission, the official Register of the United States, 1921, and The Alternative Budget, 1923.

² Except as noted below.

³ Net, or without the temporary "bonus" or additional compensation of 60 per cent on classes below \$400, of \$240 on classes of \$400 to \$2500, and of an amount necessary to make the total compensation \$2740 on classes of \$2500 to \$2740. This is subject to minor exceptions in special cases.

Clerk	1	1,740
	1	1,620
	1	1,500
Chief Telephone Operator	1	1,200
2. General Administration and Institutional Services		
Chief of Section	1	3,600
	1	2,760
	1	2,640
	1	2,400
Assistant Chief of Section	1	2,400
	2	2,100
	1	1,980
Senior Clerk	4	1,980
	8	1,860
Foreman Mechanic	1	1,800
Wireman	1	1,800
Engineer	1	1,800
Clerk	5	1,740
	1	1,680
	17	1,620
	20	1,500
Carpenter	1	1,500
Typewriter Repairman	1	1,500
Junior Clerk	3	1,440
	17	1,380
	18	1,320
	27	1,200
Chief Telephone Operator	1	1,200
Foreman Laborer	1	1,200
Assistant Engineer	1	1,200
Under Clerk	2	1,080
	15	1,020
	1	960
	1	900
Classified Laborer	1	900
Fireman	2	900
Unskilled Laborer	1	900
Elevator Conductor Starter	1	840
Watchman	5	840
Unskilled Laborer	2	840
Forecharwoman	1	720
Messenger	2	720
Elevator Conductor	7	720
Unskilled Laborer	17	720

Messenger	7	660
	1	600
	22	480
	3	420
Unskilled Laborer	22	240
3. Bureau of Formal Cases		
Chief Examiner	1	7,500
Attorney Examiner	4	6,000
	1	5,000
Assistant Chief Examiner	1	5,000
Senior Examiner	3	4,500
	9	4,200
	2	4,000
	5	3,900
	10	3,600
	1	3,500
	1	3,300
Assistant Chief of Bureau	2	3,000
Junior Examiner	17	3,000
	6	2,880
	4	2,640
Senior Clerk	1	2,400
	1	2,280
Assistant Attorney	2	2,400
	2	2,340
	1	2,100
Clerk	1	1,800
	1	1,740
	1	1,500
	1	1,440
Messenger	1	600
	1	420
4. Bureau of Traffic		
Director of Traffic	1	10,000
Chief of Section	1	5,600
Assistant to Director	2	4,200
Assistant Chief of Section	1	3,900
	1	3,600
Classification Agent	1	5,600
Express Agent	1	3,600
Senior Clerk	1	3,000
	2	2,640
Chief Clerk	1	2,400
Senior Clerk	5	2,400
	6	2,340
	8	2,220

Senior Clerk	20	2,100
	21	1,980
	26	1,860
Clerk	30	1,740
	6	1,620
	2	1,560
	3	1,500
Junior Clerk	4	1,380
	3	1,320
	3	1,260
	10	1,200
Under Clerk	2	1,080
	2	1,020
Messenger Boy	1	660
	1	600
	1	480
	1	420
5. Bureau of Safety ⁴		
Chief of Bureau	1	5,000
Assistant Chief of Bureau	2	4,500
Engineer-Physicist	1	4,500
Senior Railway Signal Engineer	1	4,000
Chief Attorney	1	4,000
Attorney	2	4,000
Senior Railway Signal Engineer	1	3,600
Senior Mechanical Engineer	1	3,600
Attorney	1	3,000
Engineer Examiner	2	3,000
Inspector	52	3,000
Law Clerk	1	1,980
Senior Clerk	1	1,980
Chief Clerk	1	1,680
Clerk	2	1,620
	2	1,500
Junior Clerk	2	1,320
	4	1,200
Underclerk	1	1,080
	1	1,020
Underclerk, Messenger Boy, and Unskilled Laborer	4	900-240
6. Bureau of Locomotive Inspection ⁴		
Chief Inspector	1	5,000
Assistant Chief Inspector	2	4,000
Senior Mechanical Engineer	1	3,600

⁴As of June 30, 1921.

Inspector	50	3,000
Senior Mechanical Engineer	1	3,000
Senior Clerk	1	2,100
Junior Mechanical Engineer	1	1,800
Clerk	1	1,800
	3	1,500
Junior Clerk	6	1,320
	2	1,200
Underclerk	2	1,020
Messenger	3	600-480
7. Bureau of Finance		
Director of Finance	1	10,000
Accountant and Statistical Assistant	2	6,000
Office Assistant to Director of Finance	1	5,000
Engineering Assistant	1	5,000
Attorney-Examiner	1	5,000
Examiner of Accounts	1	4,200
Engineer-Examiner	2	4,200
Assistant Statistician	1	4,000
Engineer-Examiner	1	4,000
Financial-Examiner	1	4,000
Examiner of Accounts	5	3,600
Engineer-Examiner	2	3,600
Senior Examiner	2	3,600
Attorney	1	3,600
Financial Examiner	3	3,300
Examiner of Accounts	1	3,000
Special Agent	2	3,300
Financial Examiner	2	3,000
Junior Examiner	4	3,000
Financial Examiner	1	2,700
Attorney	1	2,640
Senior Clerk	1	2,640
Legal Assistant	1	2,400
	3	2,400
Financial Examiner	2	2,400
Junior Examiner	1	2,400
Examiner of Accounts	1	2,400
Senior Clerk	1	2,250
	1	2,160
Examiner of Accounts	1	2,100
Senior Clerk	1	2,100
	2	1,980
	2	1,860
	2	1,800
Clerk	1	1,740
	1	1,680

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Clerk	2	1,620
	1	1,600
	4	1,500
Junior Clerk	15	1,380
	1	1,320
	10	1,200
Underclerk	1	1,020
	1	960
	1	900
Messenger Boy	2	480
	1	420
8. Bureau of Law		
Chief Counsel	1	10,000
Assistant Counsel	2	5,000
Attorney	1	2,100
Clerk	2	1,320
9. Bureau of Inquiry		
Chief of Bureau and Attorney	1	6,000
Assistant Chief of Bureau and Attorney	1	5,000
Attorney	1	4,500
	1	4,000
Special Agent	1	3,900
	4	3,600
	2	3,000
	1	2,400
	1	2,100
	1	1,500
10. Bureau of Statistics		
Director of Statistics	1	7,500
Assistant Director of Statistics	1	6,000
Statistical Analyst	2	4,200
Assistant Statistician	1	3,600
	2	3,000
Assistant Chief of Section	1	3,000
	1	2,880
Senior Clerk	1	2,400
	2	2,100
	5	1,980
	10	1,860
Clerk	14	1,740
	17	1,620
	21	1,500
Junior Clerk	10	1,380
	9	1,320
	21	1,200
	2	1,260

Under Clerk	1	1,080
	1	1,020
	1	960
Messenger Boy	1	480
	2	420
11. Bureau of Service		
Director of Service	1	10,000
Assistant Director of Service	1	7,500
	1	6,500
	1	5,000
Chief Inspector	1	5,000
Statistical Analyst	1	3,900
Senior Inspector	4	3,600
Chief Clerk	1	2,400
Senior Clerk	4	2,100
	1	1,800
Clerk	2	1,740
	6	1,500
Junior Clerk	2	1,380
	7	1,200
12. Bureau of Informal Cases		
Chief of Bureau	1	3,600
Senior Clerk	1	2,220
	1	2,200
	3	2,100
	2	1,980
	2	1,860
	3	1,800
Clerk	3	1,740
	5	1,620
	2	1,560
Junior Clerk	1	1,440
	2	1,380
	1	1,320
	2	1,200
Messenger	1	600
13. Bureau of Accounts ^a		
Director	1	7,500
Assistant Director	3	6,000
Chief Depreciation Section	1	6,000
Examiner	8	5,000
	4	4,500
	6	3,900
	11	3,600
	9	3,300

^a As of June 30, 1921.

OUTLINE OF ORGANIZATION

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Examiner	16	3,000
	11	2,700
	13	2,520
	17	2,400
	9	2,220
	15	2,100
	1	1,980
Senior Clerk	3	1,860
Clerk	4	1,740
	3	1,620
	8	1,500
Junior Clerk	1	1,380
	3	1,320
	6	1,200
Underclerk, Messenger Boy, and Unskilled Laborer	2	900-240
14. Bureau of Valuation [*]		
Director of Valuation	1	10,000
Supervising Engineer	1	9,000
Member Advisory Board	1	9,000
Supervisor Land Appraisals	1	9,000
Supervisor of Accounts	1	9,000
Solicitor	1	7,500
Assistant Supervising Engineer	1	7,500
Assistant Supervisor of Accounts	4	6,000
Assistant Supervisor Land Appraisals	1	6,000
Analyst	1	6,000
Valuation Attorney	2	6,000
Assistant Supervisor of Accounts	1	5,000
Attorney	2	5,000
Examiner	1	5,000
Chief of Section	1	5,000
Office Engineer	1	4,500
Cost Engineer	1	4,500
Senior Mechanical Engineer	1	4,500
Senior Signal Engineer	1	4,500
Bridge Engineer	1	4,500
Senior Architect	1	4,500
Senior Telegraph and Telephone Engineer	1	4,500
Valuation Analyst	2	4,200
Senior Examiner	1	4,200

^{*} The organization of this bureau has been given as estimated for 1923 by the Alternative Budget, since the completion of the field work has brought about a complete change in organization since June 30, 1921 and the estimate for 1923 thus represents more accurately permanent status of this bureau.

Accountant	5	4,200
Senior Civil Engineer	2	3,900
Accountant	7	3,900
Valuation Analyst	2	3,600
Senior Examiner	1	3,600
Senior Civil Engineer	6	3,600
Accountant	12	3,600
Compiler	2	3,600
Senior Land Appraiser	3	3,600
Examiner	1	3,600
Senior Civil Engineer	2	3,300
Accountant	9	3,300
Senior Land Appraiser	1	3,300
Senior Civil Engineer	26	3,000
Accountant	14	3,000
Compiler	1	3,000
Senior Land Appraiser	3	3,000
Compiler	3	2,700
Senior Land Appraiser	1	2,640
Senior Clerk	1	2,640
Accountant	17	2,520
Chief Clerk	1	2,500
Senior Civil Engineer	28	2,400
Chief Clerk	1	2,400
Senior Clerk	1	2,400
Accountant	15	2,400
Senior Land Appraiser	6	2,400
Compiler	4	2,400
Senior Land Appraiser	1	2,280
Accountant	7	2,220
Senior Civil Engineer	75	2,100
Accountant	4	2,100
Senior Land Appraiser	3	2,100
Senior Clerk	3	2,100
Compiler	2	2,100
Junior Civil Engineer	15	1,980
Senior Clerk	1	1,980
	1	1,920
Junior Civil Engineer	5	1,920
Computer	7	1,920
Senior Clerk	2	1,860
Junior Civil Engineer	13	1,800
Senior Clerk	3	1,800
Compiler	1	1,800
Senior Land Appraiser	2	1,800
Computer	9	1,800
Clerk	2	1,740

OUTLINE OF ORGANIZATION

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Junior Civil Engineer	12	1,680
Clerk	3	1,680
Computer	7	1,680
Clerk	10	1,620
	62	1,500
Computer	5	1,500
Junior Land Appraiser	3	1,500
Junior Clerk	1	1,450
	4	1,440
	13	1,380
Computer	2	1,380
Junior Clerk	1	1,340
	29	1,320
	19	1,200
Underclerk	2	1,080
Messenger Boy	5	900-480

APPENDIX 2

CLASSIFICATION OF ACTIVITIES

EXPLANATORY NOTE

The Classifications of Activities in this series have for their purpose to list and classify in all practicable detail the specific activities engaged in by the several services of the national government. Such statements are of value from a number of standpoints. They furnish, in the first place, the most effective showing that can be made in brief compass of the character of work performed by the service to which they relate. Secondly, they lay the basis for a system of accounting and reporting that will permit the showing of total expenditures classified according to activities. Finally, taken collectively, they make possible the preparation of a general or consolidated statement of the activities of the government as a whole. Such a statement will reveal in detail, not only what the government is doing, but the services in which the work is being performed. For example, one class of activities that would probably appear in such a classification is that of "scientific research." A subhead under this class would be "chemical research." Under this head would appear the specific lines of investigation under way and the services in which they were being prosecuted. It is hardly necessary to point out the value of such information in planning for future work and in considering the problem of the better distribution and coördination of the work of the government. The Institute contemplates attempting such a general listing and classification of the activities of the government upon the completion of the present series.

CLASSIFICATION OF ACTIVITIES

1. Relating to Liquidation of Government Operation of Railroads
 1. Certification of standard return
 2. Adjustment of claims through boards of referees
 3. Reimbursements of deficits of carriers not under government control

4. Elimination of discriminations under the fourth section created or increased during government control
5. Calculation of guaranty of income after termination of government control and authorization of advances to the carriers thereunder
6. Certification of loans to carriers during transition period
2. Activities as a Board of Directors of a National Railroad System
 1. Consolidation of railroads into a limited number of systems
 2. Correlation of rail and water routes
 3. Pooling of facilities and equipment
 4. Division of joint rates
 5. Pooling of freights and division of earnings
 6. Control of extensions or abandonments of line
 7. Maintenance of general railroad contingent fund
3. Maintenance of Reasonable Rates, Facilities, Classification, Practices, etc.
 1. Securing Compliance with Standards Prescribed for the Carriers by the Law
 1. Transportation and Service
 2. Through Routes
 3. Charges for Service
 4. Classification and Practices
 5. Publicity as to rates, fares, charges, etc.
 2. Enforcement of Prohibition on the Carriers in the Law
 1. Free Passes and Free Transportation
 2. Discrimination and Preferences
 3. "Long-and-Short-Haul" and "Aggregate of Intermediates" Clauses
 4. Rail and Water Competition
 5. Changes in Rates, Fares, Charges, etc.
 6. Continuous Carriage of Freight
 3. Positive Duties
 1. Adequate Transportation Facilities
 2. Reasonableness of Rates, Classifications, Practices, etc.
 3. Allowances to Owners of Property for Service in Transportation
 4. Released Rates

4. Ancillary Activities
 1. Valuation of Railroad Property
 2. Authorization of Issuance of Securities
 3. Accounting
 4. Statistics
 5. Investigation and Research
5. Promotion of Safety of Employees, Passengers, and Property
 1. Investigation of accidents and safety appliances
 2. Regulation of transportation of explosives and other dangerous substances
 3. Enforcement of safety appliance laws and Hours-of-Service Act
 4. Inspection of locomotives
 5. Administration of Medals-of-Honor Act
6. "By-Product" Activities
 1. Clayton Act
 2. Railway Mail Pay
 3. Merchant Marine Act
 4. Miscellaneous
 1. Time Zones
 2. Prescription of Accounts for District Gas and Electricity Companies
 3. Regulations governing Nominations to Railroad Labor Board

APPENDIX 3

PUBLICATIONS¹

The commission is authorized to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use and to "cause to be printed for early distribution its annual reports."

Nearly all of the numerous publications of the commission may be classified according to the activities of which they are manifestations: First, those which result from the administrative duties in relation to the interstate commerce laws, the safety laws, and the Valuation Act; secondly, those which grow out of the judicial or quasi-judicial activities; and finally, those which reflect the quasi-legislative activities.

The publications relating to administrative activities may be grouped in two general divisions, those which are prepared for utilization in the various processes of administration itself, such as the rules and regulations binding upon the carriers in reporting information to the various bureaus of the commission; and those which present the final products and results of such processes of administration, such as the reports of the Bureau of Safety on train accidents, the statistical reports on the carriers, etc.

Publications Utilized in Administrative Processes. These publications subclassified in accordance with the subjects treated are as follows:

Safety Matters. These publications include pamphlets giving rules governing monthly reports of accidents, classification of

¹ All publications listed here may be obtained from the Superintendent of Documents. For the price of any one of these documents see Price List 59 "Publications of the Interstate Commerce Commission," which is distributed free by the Superintendent of Documents, Government Printing Office, Washington, D. C.

safety appliance defects to be reported by inspectors, orders on safety appliance standards, rules and instructions for locomotive boiler inspection, administrative rulings and opinions on the Hours-of-Service Act.

Accounts of Carriers. The publications in this class consist of the following:

1. Pamphlets which give the rules governing classification and prescribe classification and forms for various accounting items for steam railroads, sleeping car companies, pipe lines, and carriers by water.
2. Publications which show the uniform system of accounts prescribed for express companies, electric railways, telephone companies, and telegraph and cable companies.
3. Pamphlets which give interpretation of the accounting classifications embodied in the uniform systems of accounts for telephone companies, carriers by water, express companies, electric railways, and steam railroads.

Statistics. The statistical publications include orders relating to freight commodity statistics, the manner of reporting block-signal and train-order statistics, rules relating to operating statistics of large steam railroads, rules governing classification of steam railroad employees and their compensation and classification of telephone employees, and classification of train-miles, locomotive miles, and car miles for steam roads.

Tariffs. Regulations and supplements thereto are promulgated and issued governing construction and filing of freight tariffs and classifications and passenger fares, schedules, and administrative rulings.

Valuation. The valuation publications include: Instructions of the Engineering Section of the Division of Valuation for field work of the building branch, the signal branch, and the telephone and telegraph branch in the inventory of property of telephone companies; instructions for field work of the mechanical and electrical sections of the Division of Valuation; orders, instructions and regulations governing the recording and reporting of extensions and improvements or other changes of physical property of carriers; orders relating to schedules of land, etc.

Publications Presenting Results of Administrative Activities.

The outcome of the above administrative publications and the activities thereunder is the following set of reports:

Accidents.

1. Reports on individual accidents, published separately.
2. Summary of accident investigation reports.
3. Accident bulletin, collisions, derailments, and other accidents resulting in injury to persons, equipment, or roadbed, arising from operation of railroads used in interstate commerce. Quarterly.

Accounts and Statistics.

1. Statistics of Railways in the United States—Annual report, 1888 to date.
2. Preliminary abstract of statistics of common carriers—Annual report, 1911 to date.
3. Operating revenues and expenses of large steam roads by months, July 1914 to date.
4. Tabulation of statistics pertaining to block signals and telephone and telegraph for transmission of train orders as used on railroads of United States—Annual report.
5. Annual statistical analysis of carriers' monthly hours of service reports, 1913 to date.
6. Annual report on statistics of express companies, 1909 to date.

Valuation.

Valuation Reports of the Interstate Commerce Commission.*

Publications Relating to Judicial or Quasi-Judicial Activities.

The decisions, reports, and opinions of the commission in construction on the Interstate Commerce Act and its amendments have been published in 61 volumes to May, 1921. Copies of volumes I to II may be obtained from the Lawyers Coöperative Publishing Company at Rochester, N. Y. Copies of all subsequent volumes may be secured from the Government Printing Office. The decisions and opinions are issued also in advance sheets, as soon as rendered, for the convenience of persons interested who do not wish to wait until the completion of the volume. For quick and convenient reference to these decisions, the commission also prepares annotations, tables of cases and opinions, and tables of commodities. Tables of cases, commodities, and localities cited and

*Three cases on the valuation docket have been published thus far (separately) as part of volume I of this series of reports.

index-digests have been prepared for the unreported opinions of the commission.³

Publications Relating to Quasi-Legislative Activities. Various provisions of the Interstate Commerce Act and its amendments delegate to the commission the power to draw up regulations which have the force of law to meet certain specialized problems. Such regulations are revised from time to time. Publications of the commission reflecting these quasi-legislative activities are as follows:

1. Regulations relative to bids of carriers subject to the Clayton Anti-Trust Act for securities, supplies, or other articles of commerce.
2. Regulations governing the destruction of records respectively, of electric railway companies, express companies, pipe lines, sleeping car companies, steam roads, telephone, telegraph, and cable, and carriers by water.
3. Regulations for the transportation of explosives and other dangerous articles by freight and express and specifications for shipping containers.
4. Regulations to govern forms and recording of passes.
5. Code of storage rules.
6. National code of rules governing weighing and re-weighing of carload freight.

Annual Reports to Congress. There are several general annual reports published by the commission besides those enumerated in the special classes mentioned above. The annual reports to Congress, the first of which covers the year 1887, give a general summary of the work done during the year by the commission and its various bureaus. Appendices are included showing the status of the commission's cases pending in the courts at the close of the year, the indictments returned during the year, and cases concluded and points decided by the commission in reported cases. A digest of federal court decisions and statistical summaries is also included in the appendix. Separate annual reports are published by the Locomotive Inspection Bureau and the Bureau of Safety, giving full accounts of the work performed during the year.

³ Volume 65 in this series has been reserved for those dockets which relate to requests of railroads to issue securities.

Miscellaneous Publications. From time to time the commission has published the results of special investigations made on its own motion or at the request of Congress, such as the report made in 1907 of the relation between railroad discriminations and oil monopolies, the study of intercorporate relationships of railways in the United States as of June 30, 1906, and the report of April 11, 1916 on the extent of common control or ownership between rail and water carriers.⁴

The commission publishes a compilation of laws (with index and annotations) relating to its activities including the Interstate Commerce Act with its amendments, the safety acts, the Valuation Act, standard time zone acts, etc. This compilation of laws is revised from time to time as the enactment of new legislation requires.

⁴ Many of these investigations appear in the volumes of the commission's decisions. Others have been published as congressional documents.

APPENDIX 4

LAWS

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New line, grant of permission to retain excess earnings..	41 Stat. L., 456, 491
Nominations of members of Railroad Labor Board, regulations prescribed	41 Stat. L., 456, 470
Official acts of, shall be entered of record and made public upon request of interested parties.....	24 Stat. L., 379 25 Stat. L., 855 40 Stat. L., 270
Panama Canal Act, jurisdiction over rail and water carriers..	37 Stat. L., 566
Parcel post, consent to change rate of.....	37 Stat. L., 558 39 Stat. L., 412
Percentage of property value constituting fair return to be determined	41 Stat. L., 456, 488
Physical connections between rail lines and docks of water carriers may be established.....	37 Stat. L., 568
Plan for consolidation of railroads to be prepared and adopted	41 Stat. L., 456, 481
Pooling of freight and divisions of earnings may be authorized	41 Stat. L., 456, 480
Production of testimony and documents may be required	24 Stat. L., 379, 383 27 Stat. L., 443
Proportional rates to and from ports may be established..	37 Stat. L., 568
Purchase of stock of carrier by another may be authorized	41 Stat. L., 456, 481
Rail and water traffic jurisdiction over	37 Stat. L., 568 41 Stat. L., 988, 992 41 Stat. L., 456, 474, 483, 497
Rates	24 Stat. L., 379, 381 25 Stat. L., 855, 856 34 Stat. L., 584, 589 36 Stat. L., 539, 548 39 Stat. L., 412 41 Stat. L., 456, 464, 475, 480, 483, 484, 486, 488

Records, destruction of, specified, may be permitted.....	35 Stat. L., 648
Referees, boards to be appointed under Federal Control Act	40 Stat. L., 451
Released rates on baggage and live stock may be prescribed.	39 Stat. L., 441
Reparation proceedings growing out of government control, jurisdiction	41 Stat. L., 456, 461
Reports of carriers may be required	24 Stat. L., 379, 386
	34 Stat. L., 584, 593
	36 Stat. L., 539, 555
Reports to Congress Annual	24 Stat. L., 379, 387
	25 Stat. L., 855, 862
Progress of valuation work	37 Stat. L., 701
Routing may be directed when shipper does not specify.	41 Stat. L., 456, 488
Rules and regulations for transportation of explosives to be prescribed	35 Stat. L., 1134
	41 Stat. L., 1444
Safety appliance acts, jurisdiction of commission.....	27 Stat. L., 531
	29 Stat. L., 85
	36 Stat. L., 298
	36 Stat. L., 1397
Safety appliances and devices may be ordered installed.	41 Stat. L., 456, 498
Security for loans from general railroad contingent fund shall be prescribed	41 Stat. L., 456, 490
Services rendered by owner of property transported, allowances may be prescribed	34 Stat. L., 584, 590
Shipping Board Act, not to affect jurisdiction.....	39 Stat. L., 738
Simplification of schedules and amendments, rules for, may be prescribed	41 Stat. L., 456, 483
State authorities, coöperation with, authorized	41 Stat. L., 456, 478, 482, 484
Stock of carrier may be purchased by another, if au- thorized	41 Stat. L., 456, 481
Subpoena, issuance for witness, documents, etc.....	25 Stat. L., 855, 859
Suspension and modification of orders	34 Stat. L., 584, 591
Suspension of new rates, etc.....	36 Stat. L., 539, 552
Switch connections may be ordered installed	34 Stat. L., 584, 585
Terminal facilities, joint use may be required.....	41 Stat. L., 456, 477
Terms and conditions for making loans to carriers from general railroad contingent fund.....	41 Stat. L., 456, 491
Terms of construction and operation, physical connec- tions between rail lines and docks, determination. .	37 Stat. L., 568
Testimony may be ordered taken by deposition.....	26 Stat. L., 743
Through arrangements between rail and water carriers, may be required	37 Stat. L., 568
Valuation of carriers' property	37 Stat. L., 701
	41 Stat. L., 456, 482
Water carriers under United States registry engaged in foreign commerce to file schedules	41 Stat. L., 456, 497
Zone limits for standard time shall be defined.....	40 Stat. L., 450
<i>Publications</i>	25 Stat. L., 855, 859
	34 Stat. L., 584, 589

(B) COMPILATION OF LAWS

The statutes relating to the work and organization of the Interstate Commerce Commission are available in a publication prepared by the commission under the title "The Interstate Commerce Commission Act, Including Text or Related Sections of the Accident Reports Act, Ash Pan Act, etc." This compilation of laws, well indexed, is revised as made necessary by enactment of new legislation, the last revision being as of August 1, 1921. Copies of this publication may be obtained for twenty cents each from the Superintendent of Documents, Government Printing Office, Washington, D. C.

It is not necessary, therefore, to include in this monograph a compilation of laws. The provisions of the last appropriation act relating to the Commission are, however, given here as an illustrative exhibit:

1922—Act of June 12, 1922 (42 Stat. L., 635, 641)—An Act Making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1923, and for other purpose.

* * * *

For eleven commissioners, at \$12,000 each; secretary, \$7,500; in all, \$139,500.

For all other authorized expenditures necessary in the execution of laws to regulate commerce, including per diem in lieu of subsistence when allowed pursuant to section 13 of the Sundry Civil Appropriation Act approved August 1, 1914, \$2,150,000, of which sum there may be expended not exceeding \$50,000 in the employment of counsel, not exceeding \$3,000 for necessary books, reports, and periodicals; not exceeding \$100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general supply schedule, and not exceeding \$75,000 for rent of buildings in the District of Columbia: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission: *Provided, further*, That the Interstate Commerce Commission may employ by contract or otherwise expert stenographic reporters for its official reporting work: *And provided further*, That the commission shall sell, at a rate per page equivalent to the cost of making them, copies of transcripts of its proceedings.

To enable the Interstate Commerce Commission to enforce compliance with Section 20 and other sections of the act to regulate commerce as amended by the act approved June 29, 1906, and as amended by the Trans-

portation Act, 1920, including the employment of necessary special accounting agents or examiners, \$525,000.

To enable the Interstate Commerce Commission to keep informed regarding and to enforce compliance with acts to promote the safety of employees and travelers upon railroads; the act requiring common carriers to make reports of accidents and authorizing investigations thereof; and to enable the Interstate Commerce Commission to investigate and test block-signal and train-control systems and appliances intended to promote the safety of railway operation, as authorized by the joint resolution approved June 30, 1906, and the provision of the Sundry Civil Act approved May 27, 1908, including the employment of inspectors, and per diem in lieu of subsistence when allowed pursuant to section 13 of the Sundry Civil Appropriation Act approved August 1, 1914, \$325,000.

For all authorized expenditures under the provisions of the Act of February 17, 1911, "To promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," and amendment of March 4, 1915, extending "the same powers and duties with respect to all parts and appurtenances of the locomotive and tender," including such stenographic and clerical help to the chief inspector and his two assistants as the Interstate Commerce Commission may deem necessary, and for per diem in lieu of subsistence when allowed pursuant to Section 13 of the Sundry Civil Appropriation Act approved August 1, 1914, \$290,000.

Valuation of property of carriers: to enable the Interstate Commerce Commission to carry out the objects of the act entitled "An Act to amend an Act entitled 'An Act to regulate commerce,' approved February 4, 1887, and all Acts amendatory thereof," by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities, approved March 1, 1913, including per diem in lieu of subsistence when allowed pursuant to Section 13 of the Sundry Civil Appropriation Act approved August 1, 1914, and including not exceeding \$20,000 for rent of buildings in the District of Columbia, \$1,300,000: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

For printing and binding, \$150,000, including not to exceed \$10,000 to print and furnish to the States at cost report-form blanks.

APPENDIX 5

FINANCIAL STATEMENT

EXPLANATORY NOTE

Statements showing appropriations, receipts, expenditures and other financial data for a series of years constitute the most effective single means of exhibiting the growth and development of a service. Due to the fact that Congress has adopted no uniform plan of appropriation for the several services and that the latter employ no uniform plan in respect to the recording and reporting of their receipts and expenditures, it is impossible to present data of this character according to any standard scheme of presentation. In the case of some services the administrative reports contain tables showing financial conditions and operations of the service in considerable detail; in other financial data are almost wholly lacking. Careful study has in all cases been made of such data as are available, and the effort has been made to present the results in such a form as will exhibit the financial operations of the services in the most effective way that circumstances permit.

The Interstate Commerce Commission receives regular annual appropriations from Congress, from which it pays all expenses including rent of building in the District of Columbia but excluding printing and binding prior to the fiscal year 1923. For the earlier years the appropriation for printing and binding was made to the Public Printer, and allotments were made by law to the Executive departments and separate independent establishments. Each allotment was a book credit, against which were charged the cost of work ordered. Beginning with the fiscal year 1923 the appropriation for printing and binding were made direct to the departments and independent establishments, but the work continued to be done at the Government Printing Office. In the following statement appropriations include all deficiency amounts with the exception of "auditors certified claims." These are generally small

and in most cases their inclusion would result in duplication. The expenditures, in the following table, are taken from the annual reports of the commission and are figured on a cash basis. That is, they show the amounts expended out of the various items during the current fiscal year only, but do not give the total expended out of any appropriation during the three years of its availability. The reports of the Treasury Department show the total expended but figures are given only for the total of the appropriations to the commission, and not for the separate items.

INTERSTATE COMMERCE COMMISSION

APPROPRIATIONS AND EXPENDITURES: FISCAL YEARS 1888 AND 1890 AND BY FIVE-YEAR INTERVALS TO 1910 INCLUSIVE, AND ANNUALLY THEREAFTER ^a

Object	1888		1890		1895		1900	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
Salaries of Commissioners and Secretary.....	^b \$125,000.00	\$51,183.03	\$41,000.00	\$39,552.99	\$41,000.00	\$41,000.00	\$41,000.00	\$40,103.26
General expenses.....	.....	61,826.56	159,000.00	140,887.08	^c 203,133.64	175,206.99	209,000.00	203,520.93
Enforcement of safety acts.....	.....	.....	.....	.....	.....	.....	.....	.....
Examination of carriers' accounts.....	.....	.....	.....	.....	.....	.....	.....	.....
Inspection of locomotives.....	.....	.....	.....	.....	.....	.....	.....	.....
Valuation of property of carriers.....	.....	.....	.....	.....	.....	.....	.....	.....
Increase of compensation.....	.....	.....	.....	.....	.....	.....	.....	.....
Printing and binding.....	.....	.....	.....	.....	.....	.....	.....	.....
Totals	\$125,000.00	\$113,009.59	\$200,000.00	\$180,440.07	\$244,133.64	\$216,206.99	\$250,000.00	\$243,624.19
Object	1905		1910		1911		1912	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
Salaries of Commissioners and Secretary.....	\$41,000.00	\$40,833.33	\$75,000.00	\$75,000.00	\$75,000.00	\$73,750.00	\$75,000.00	\$71,805.56
General expenses.....	249,000.00	233,131.31	800,000.00	698,347.12	800,000.00	789,354.66	1,000,000.00	807,608.21
Enforcement of safety acts ^d	65,000.00	50,774.92	160,000.00	130,849.55	^e 149,773.28	132,937.86	175,000.00	140,316.90
Examination of carriers' accounts.....	.....	.....	350,000.00	259,140.30	350,000.00	294,936.08	350,000.00	300,166.79
Inspection of locomotives.....	.....	.....	.....	.....	200,000.00	5,602.14	(f)	149,791.55
Valuation of property of carriers.....	.....	.....	.....	.....	.....	.....	.....	.....
Increase of compensation.....	.....	.....	.....	.....	.....	.....	.....	.....
Printing and binding.....	.....	.....	.....	.....	.....	.....	.....	.....
Totals	\$355,000.00	\$330,739.56	\$1,385,000.00	\$1,163,336.97	\$1,574,773.28	\$1,296,670.74	\$1,600,000.00	\$1,459,689.01

^a Data from annual reports, Interstate Commerce Commission.

^b Includes appropriation for "general expenses."

^c Includes \$19,133.64 reappropriated from previous year.

^d Includes investigation of block signals and automatic control appliances.

^e Includes \$24,773.28 reappropriated from previous year.

^f 1911 appropriation available in 1912.

APPROPRIATIONS AND EXPENDITURES: FISCAL YEARS 1888 AND 1890 AND BY FIVE-YEAR INTERVALS TO 1910 INCLUSIVE,
AND ANNUALLY THEREAFTER—Continued

FINANCIAL STATEMENT

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Object	1913		1914		1915		1916	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
Salaries of Commissioners and Secretary.	\$75,000.00	\$73,110.10	\$75,000.00	\$69,944.44	\$75,000.00	\$74,277.78	\$75,000.00	\$75,000.00
General expenses.....	1,000,000.00	846,003.23	950,000.00	926,932.74	1,010,000.00	998,833.07	1,025,000.00	1,023,257.81
Enforcement of safety acts ^a	133,629.03	135,376.47	175,000.00	143,294.32	245,000.00	223,517.58	245,000.00	240,239.14
Examination of carriers accounts.	300,000.00	297,517.93	300,000.00	295,520.22	300,000.00	296,978.31	300,000.00	299,748.61
Inspection of locomotives..	225,000.00	198,029.15	220,000.00	202,326.23	220,000.00	208,393.70	220,000.00	211,520.08
Valuation of property of carriers.....	100,000.00	10,366.33	489,627.09	456,565.32	2,300,000.00	2,131,924.74	3,000,000.00	2,984,332.83
Increase of compensation..	.....	.....	.....	.....	.....	.....	.....	.....
Printing and binding.....	.....	.....	.....	.....	.....	.....	.....	.....
Totals	\$1,853,629.03	\$1,560,404.21	\$2,209,627.09	\$2,094,583.27	\$4,150,000.00	\$3,933,925.18	\$4,865,000.00	\$4,834,098.47

Object	1917		1918		1919		1920	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
Salaries of Commissioners and Secretary.	\$75,000.00	\$73,916.66	\$91,666.66	\$86,888.89	\$95,000.00	\$87,194.45	\$107,004.23	\$91,320.80
General expenses.....	1,100,000.00	1,087,614.91	1,160,000.00	1,145,705.23	1,175,000.00	1,074,529.48	1,311,000.00	1,233,330.38
Enforcement of safety acts ^a	245,000.00	225,674.30	250,000.00	239,055.39	313,600.00	298,760.87	313,600.00	310,163.00
Examination of carriers accounts.	300,000.00	297,125.33	300,000.00	273,630.80	300,000.00	274,067.43	325,000.00	284,302.19
Inspection of locomotives..	220,000.00	213,954.57	225,000.00	210,389.81	288,000.00	282,510.66	288,000.00	278,453.30
Valuation of property of carriers.	3,500,000.00	3,283,883.91	3,500,000.00	3,384,444.31	3,500,000.00	3,535,899.42	3,000,000.00	2,950,736.08
Increase of compensation ^b.	.....	.....	.....	.....	.....	.....	.....	.....
Printing and binding.....	.....	.....	132,412.49	132,412.49	228,718.38	228,718.38	388,067.95	388,067.95
Totals	\$5,440,000.00	\$5,182,169.68	\$5,659,079.15	\$5,472,526.92	\$5,900,318.38	\$5,771,660.69	\$5,732,672.18	\$5,542,373.70

^a Includes investigation of block signals and automatic control appliances. ^b Including unexpended balance of \$89,627.09 reappropriated.

^c Not including \$7,537.93, repayment for stores furnished Railroad Administration.

^d Includes investigation of block signals and automatic control appliances.

^e Not including \$358.04, repayment for stores furnished Railroad Administration.

^f Not including \$79,084.74, repayment for stores furnished Railroad Administration.

^g Includes expenditures out of repayments from carriers.

^h Temporary indefinite appropriation based on the amount necessary to pay the bonus.

APPROPRIATIONS AND EXPENDITURES: FISCAL YEARS 1888 AND 1890 AND BY FIVE-YEAR INTERVALS TO 1910 INCLUSIVE,
AND ANNUALLY THEREAFTER—*Continued*

Object	1921		1922		1923	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
Salaries of Commissioners and Secretary...	\$148,300.00	\$124,900.00	\$139,500.00	138,433.34	\$139,500.00	.....
General expenses	2,100,000.00	1,876,293.43	2,200,000.00	2,109,459.83	2,150,000.00	.....
Enforcement of safety acts	336,000.00	331,442.24	313,600.00	306,479.74	325,000.00	.....
Examination of carriers accounts	600,000.00	480,006.51	500,000.00	498,430.16	525,000.00	.....
Inspection of locomotives	300,000.00	294,973.10	290,000.00	286,972.26	290,000.00	.....
Valuation of property of carriers	2,750,000.00	2,728,656.45	1,750,000.00	1,595,488.89	1,300,000.00	.....
Increase of compensation	357,442.81	357,442.81	307,332.33	307,332.33	.....	.....
Printing and binding .....	.....	.....	.....	.....	150,000.00	.....
Totals	\$6,591,742.81	\$6,193,714.54	\$5,500,432.33	5,242,596.55	4,879,500.00	.....

APPENDIX 6

BIBLIOGRAPHY¹

EXPLANATORY NOTE

The bibliographies appended to the several monographs aim to list only those works which deal directly with the services to which they relate, their history, activities, organization, methods of business, problems, etc. They are intended primarily to meet the needs of those persons who desire to make a further study of the services from an administrative standpoint. They thus do not include the titles of publications of the services themselves, except in so far as they treat of the services, their work and problems. Nor do they include books or articles dealing merely with technical features other than administrative of the work of the services. In a few cases explanatory notes have been appended where it was thought they would aid in making known the character or value of the publication to which they relate.

After the completion of the series the bibliographies may be assembled and separately published as a bibliography of the Administrative Branch of the National Government.

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¹ Compiled by Sophy H. Powell.

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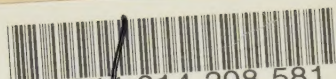
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